

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 18 - October 17, 2000
NYISO Power Control Center - Guilderland, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Bruce B. Ellsworth	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John D. Hauber	Rochester Gas & Electric Corporation
George C. Loehr	Unaffiliated Member
Michael Mager	Retail Sector, Couch, White, LLP (For R.M. Loughney)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond	Niagara Mohawk Power Corporation (“NMPC”)
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc.

Others

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant
Keith O’Neal	New York Public Service Commission (“PSC”)

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction - A letter was submitted authorizing Mr. Mager as the designated alternate for Mr. Loughney for the meeting.

1.1 Requests for Additional Agenda Items - The NYSRC Executive Committee (“Committee”) reviewed the agenda for the meeting and added two agenda items to be covered under Items 3.3 and 6.3 below.

1.2 Topics for Open Session - There were no items on the Open Session agenda requiring discussion by the Committee during the Closed Session.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 17 (September 18, 2000) - After discussion, Mr. Clayton moved that the Revised Draft Minutes for Meeting No. 17 be approved as modified by the Committee, which was seconded by Mr. Clagett, and approved unanimously by the Committee (13

to 0). The Secretary will issue the final minutes for Meeting No. 17 and post the final minutes on the NYSRC web site - **AI #18-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List and removed Items **AI #15-8** and **#17-3**.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

Mr. Adamson presented the Treasurer's Report to the Committee. The September 2000 Summary of Receipts and Disbursements was distributed and summarized. Mr. Adamson reported that seven (7) members have submitted full payments in response to the call for funds for a total of \$15,000 for October through December 2000. Three (3) members have not submitted all of their payments for 2000 resulting in a total of \$45,000 in outstanding payments. As of October 9, 2000, the NYSRC has a cash balance of approximately \$33,000 with no outstanding invoices. The projected year-end expenditures are estimated to be \$571,000. Assuming that all outstanding payments are received from the three members, \$550,000 will be received from the members in 2000. With the cash balance of \$49,429 at the beginning of 2000, the NYSRC will have an estimated balance of \$28,000 at year-end. The Committee agreed that since the NYSRC's estimated overexpenditures of \$21,000 for 2000 can be funded from the cash balance at the beginning of 2000, there is no need to implement the payment agreement developed by the Funding Working Group to fund the estimated overexpenditure.

3.2 2001 NYSRC Budget

Mr. Raymond noted that the NYSRC Budget Working Group is working on two action items required to finalize the 2001 NYSRC Budget. The estimated expenditures for the Accounting Firm were reviewed and a summary was distributed to the Committee. The Secretary is reviewing the current NYSRC Insurance Policy. Any reductions to the Accounting Firm or Insurance estimated expenditures will be added to the Contingency amount, maintaining the total 2001 budget at \$500,000 - continuation of **AI #17-4**. At Meeting No. 17, the Committee tabled the formal vote on the 2001 budget to no later than the December Committee meeting.

3.3 Funding Mechanism

Mr. Bolbrock noted that a letter was sent to Mr. Museler on October 3, 2000, in response to his September 15, 2000 letter summarizing the NYISO Board of Director's discussions on the NYSRC funding issue. The October 3rd letter stated that the NYSRC could not support the NYSRC funding option proposed by Mr. Museler and the NYISO Board, where the NYSRC is a committee of the NYISO.

Mr. Bolbrock also noted that Mr. Gioia did not complete the outline of the FERC filing to fund the NYSRC through a surcharge to the Transmission Owner's Transmission Service Charge ("TSC"). This prompted a discussion by the Committee of how the Committee is to proceed with approving the 2001 NYSRC Budget with no funding mechanism in place. Mr. O'Neal stated that the PSC is

supportive of the TSC surcharge mechanism. He also noted that the PSC has jurisdiction over the portion of the TSC applied to retail customers in New York, therefore, a filing must be submitted to the PSC, along with the FERC. However, the amount of such a PSC filing to cover the NYSRC budget would be too small to meet PSC accounting and administrative requirements to submit such a filing. Therefore, Transmission Owners' recovery of NYSRC budget expenditures would have to be sought whenever the current rate settlement of the respective Transmission Owner expires.

The Committee then discussed the October 11, 2000 letter from Ms. Carol Murphy of IPPNY stating that, "beginning with calendar year 2001, unless there is some binding commitment for funding reform, IPPNY and its members will be unable [to] continue to serve as the Wholesale Sector's representative at the NYSRC." Mr. Clayton stated that IPPNY would consider a vote by the Committee to make a filing at FERC for funding the NYSRC through the TSC surcharge to be a "binding commitment for funding reform." Mr. Clayton also stated that this binding commitment would be required before a vote by the Committee on the 2001 NYSRC Budget.

Mr. Mager stated that, based on Multiple Intervenors' ("MI") position on NYSRC funding as stated in Mr. Loughney's August 7, 2000 letter, MI would not be willing to continue to participate in the NYSRC or commit to the \$5,000 - \$10,000 contribution in 2001 unless FERC approval of the TSC Surcharge option is received. Mr. Mager also noted that FERC approval would be required prior to MI voting on the 2001 NYSRC Budget. Messrs. Clayton and Mager were asked to consider committing to the \$5,000 - \$10,000 payments for the first 1-2 months of 2001, and if FERC does not approve the funding mechanism, then relinquish their positions on the NYSRC. Both stated that they needed to discuss this within their Sectors.

Mr. Cordeiro stated that the Municipal Sector does not agree with the positions being taken by IPPNY or MI on their continued participation in the NYSRC.

Mr. O'Neal recommended that the Committee post a solicitation for two new members in case IPPNY and MI relinquish their positions on the NYSRC. Mr. Haase stated that Mr. Gioia be assigned to investigate the NYSRC's options regarding the filling of these positions. The Committee agreed that Mr. Gioia must first prepare a draft FERC filing for the TSC surcharge funding option - continuation of **AI #17-6**. The Committee also agreed that a draft motion be developed to address the approval of the 2001 NYSRC Budget, based on the issues being raised by IPPNY and MI, along with the payment obligations stated in the NYSRC Reimbursement Agreement. Mr. Bolbrock will discuss both items with Mr. Gioia - **AI #18-2**.

3.4 NYSRC Policy No. 3-1: Unaffiliated Member Meeting Fees

The Secretary reviewed the draft NYSRC Policy No. 3-1 which includes an appendix detailing the meeting fees for the Unaffiliated Members. Mr. Raymond moved to approve the NYSRC Policy No. 3-1, which was seconded by Mr. Sasson and approved unanimously by the Committee (13 to 0). The Secretary shall post NYSRC Policy No. 3-1 on the NYSRC web site - **AI #18-3**.

3.5 NYSRC Execution of NERC Confidentiality Agreement

The Secretary noted that Mr. Gioia and LLG&M reviewed whether the NYSRC should sign the NERC Confidentiality Agreement for participation on the NPCC Task Force on Coordination of Operation (“TFCO”). LLG&M’s recommends that the NYSRC sign the agreement. In addition, LLG&M recommends that the NYSRC send a letter to Mr. Davis requesting his signature to ensure that he has read the Confidentiality Agreement and agrees to abide by the terms of the agreement. Mr. Gioia shall draft the letter to Mr. Davis - **AI #18-4**.

3.6 Open Committee/Subcommittee Meetings

The Secretary noted that an email was received by Mr. Clayton from Mr. Tim Bush suggesting that it is time for the Committee to allow other Market Participants to attend and participate in all NYSRC meetings. The Committee discussed the issue and agreed that starting with the January 2001 meetings, the Open Session of the Committee meetings will be opened up for all interested parties to attend. Attendees must notify the Secretary that they will be attending. An agenda item will be added for comments and questions from those attending. More items from the Closed or Executive Session will be moved to the Open Session. Mr. Loehr shall prepare a draft press release to announce this new policy - **AI #18-5**.

4.0 Millennium Gas Pipeline Project Status - Status Report on FERC Proceeding

The Secretary reported that FERC has not issued an order in Millennium Pipeline Company (“Millennium”) Gas Pipeline Proceeding.

5.0 Proposed NERC Legislation Status & NYSRC Course of Action

No further information was available other than what was previously reported that, despite the request by NERC to proceed expeditiously, it is highly unlikely that the federal reliability legislation in both the House of Representatives and the US Senate will be acted upon during the current legislative session. Mr. Ellsworth noted that he will be attending the NARUC conference in November and will report any updates to the Committee at the next meeting.

6.0 Other Issues

6.1 NYISO Major Emergency Reports - The Secretary distributed copies of the NYISO Major Emergency Reports for incidents on May 8, June 29, July 3, and July 20, 2000.

6.2 Casazza Article - The Secretary provided copies of a recent article by Mr. J. Casazza titled, “Reliability and Tools for Our Times.”

6.3 PSC Electric Price & Reliability Task Force - Mr. Bolbrock distributed copies of Task Force work plans and Mr. O'Neal explained that this Task Force was established to address some of the concerns being raised about sufficient generating capacity for the Summer 2001 period.

6.4 NPCC Executive Committee Meeting - Mr. Bolbrock briefly summarized the issues discussed at the last NPCC Executive Committee in early October, which was attended by NERC staff.

7.0 NYS Assembly Statewide Reliability Study

During the Open Session, Mr. Loehr reported that the Final Draft Report for the New York State Electric System Reliability Study is scheduled to be issued for comments by General Electric within a week. Comments will be due by October 31, 2000. Mr. Loehr requested that the Committee review the final report when it is issued, and provide comments to him. Mr. Loehr will send the report to the Committee and coordinate the NYSRC comments - continuation of **AI #17-10**. The Advisory Committee will be working with the Energy Planning Board ("EPB") to prepare the final report in compliance with the NYS Assembly's legislation. The final EPB report is scheduled to be completed by December 1, 2000.

8.0 Reliability Rules Subcommittee Status Report/Issues

- a. Subcommittee Status Report** - Mr. Sasson reported during the Open Session that the Reliability Rules Subcommittee ("RRS") last met on October 6, 2000. The next RRS meeting is scheduled for November 2, 2000. Topics discussed by the RRS included NOx emission constraints, proposed reliability rules, Applications of NYSRC Reliability Rules, the Millennium Gas Pipeline Project, and Summer 2001 preparedness.
- b. Status of New/Revised Reliability Rules** - During the Open Session, Mr. Sasson noted that the RRS is awaiting the final draft Revision No. 1 to the NYSRC Reliability Rules. The Secretary noted that the changes received from the RRS, the Committee members and Mr. Gioia are being incorporated and the final draft will be forwarded to the RRS and Committee upon completion - continuation of **AI #14-4**.
- c. NOx Emission Constraints on NYC Generating Units - Status Report** - Mr. Sasson reported that the NYS Department of Environmental Conservation ("DEC") has indicated that they will not modify their July 7, 2000 Declaratory Ruling to clarify that an "emergency" exists not only when the NYISO issues an instruction to a generator, but also when a Transmission Owner issues an instruction through their control center. The DEC will work with Con Edison to develop a new rule for implementation by May 1, 2001, to address Con Edison's concerns.
- d. Applications of NYSRC Reliability Rules** - Mr. Sasson summarized the latest draft of the Introduction prepared by the RRS to address the handling of the Applications of NYSRC Reliability Rules ("Applications"). The NYISO will maintain the list of Applications and include them in the NYISO Transmission & Dispatch Manual. The list of Applications will also be posted on the

NYSRC's web site along with the Introduction. The RRS' latest draft of the Introduction states that the NYSRC shall perform an oversight review to assure that the NYISO is monitoring compliance with the Applications by the Transmission Owners, and also defines the process for modifying the Applications. After discussion, the Committee agreed with the text of the Introduction as modified by the Committee, and agreed to posting the Introduction and list of Applications on the NYSRC web site. Mr. Sasson shall forward the Introduction and list of Applications to the Secretary for posting - **AI #18-6**.

e. Other RRS Issues

- i. NPCC A-6 Operating Reserve Criteria** - Mr. Sasson noted that the NPCC will be auditing the NYISO's compliance with NPCC's Operating Reserve Criteria A-6. The Reliability Compliance Monitoring Subcommittee will participate in the audit.
- ii. NYCA Generation & Transmission Adequacy/Summer 2001 Preparations** - Mr. Sasson reported that the RRS has a concern with the availability of generation in the New York Control Area ("NYCA") for Summer 2001. The RRS recommended that the NYSRC send a letter to the PSC stating that the siting process for proposed new generation must not hinder the addition of generation. After significant discussion of the issue, including a discussion of projected 2001 capacity and load forecasts, the Committee agreed to consider issuing a press release on the Summer 2001 concerns. The RRS was assigned to develop a recommendation to the Committee for a press release - **AI #18-7**.

9.0 Installed Capacity Working Group Status Report/Issues

- a. Status Report & Discussion Items** - During the Open Session, Mr. Cordeiro reported that the Installed Capacity Working Group ("ICWG") last met on October 3, 2000, and are scheduled to meet on October 18, 2000.
- b. 2001 Study - Scope & Assumptions** - Mr. Cordeiro reported that the draft scope, assumptions, and modeling criteria for the 2001 New York Control Area Installed Capacity Requirements Study were finalized by the ICWG and presented to the RRS on October 5th. The RRS approved the documents, which were then forwarded to the Committee for discussion and approval at this meeting. Mr. Adamson presented the base case assumptions and sensitivity cases for the 2001 Study, noting that there were no major changes from the 2000 Study. After significant discussion by the Committee, Mr. Sasson moved to approve the base case assumptions and sensitivities to be used in the 2001 Study, as modified to show changes from the 2000 Study. The motion was seconded by Mr. Ellsworth and unanimously approved by the Committee members in attendance (12 to 0, 1 absent). Mr. Adamson also requested that the Committee review the draft Appendix A to the 2001 Study Report and submit comments to Mr. Cordeiro by November 1, 2000 - **AI #18-8**.

Mr. Cordeiro also noted that the 2001 Study is being completed earlier than the 2000 Study and with a wider scope, both in anticipation of the concerns being raised regarding Summer 2001 preparedness.

10.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

- a. **Status Report & Discussion Items** - During the Open Session, Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) met on September 28, 2000, in conjunction with an NPCC meeting. Future meetings are scheduled for November 1st and December 8th.
- b. **NYSRC Reliability Compliance Program** - Mr. Loehr noted that the RCMS is reviewing several NPCC and NYISO documents in conjunction with the implementation of the 2000 New York Reliability Compliance Program (“NYRCP”). These include A-8 on the Reliability Compliance and Enforcement Program; B-22, Guidelines for Reviewing Compliance with the Program; the NPCC Membership Agreement Report; draft NYISO compliance templates; and NPCC/NERC compliance reports. The RCMS will minimize the duplication of compliance monitoring reports with those required by NERC and NPCC. Mr. Adamson noted that the RCMS will be presenting a new draft NYSRC Policy No. 4-0 on compliance monitoring procedures at the next Committee meeting.
- c. **Future NYCA Generation & Transmission Adequacy/Summer 2001** - This topic was discussed in conjunction with the RRS and ICWG status reports and discussions.

11.0 NYISO Studies - Status Report

- a. **NYISO Comprehensive Transmission Adequacy Study** - Mr. Adams reported that the NYISO received approval of this study from the NPCC Task Force on Coordination of Planning (“TFCP”), and is awaiting approval from the NPCC Reliability Coordinating Council.
- b. **NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO has initiated a long-term transmission reliability study that will include several different scenarios for generation additions. A copy of the work scope will be distributed to the Committee upon its completion. The NYISO issues biweekly status reports on this study.
- c. **NYISO Reactive Resource Adequacy Study** - Mr. Adams distributed a draft scope dated October 16, 2000, for the NYISO’s Reactive Resource Adequacy Study.
- d. **Other NYISO Studies** - Mr. Adams distributed the NYISO Statement of Energy Policies, Planning Objectives and Strategies for New York State Energy Plan.

12.0 Meeting Schedule

The following are the scheduled dates and locations for the future Committee meetings as agreed to by the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#19	Nov. 13	NPCC Offices, New York City	10 A.M. (changed)

#20	Dec. 11	NYISO Power Control Center, Guilderland	9:30 A.M.
#21	Jan. 11	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 18 was adjourned at 3:40 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: November 13, 2000