

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 20 - December 11, 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 Seller’s Sector, PG&E National Energy Group
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 (“RG&E”)
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
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. (“Con Edison”)

**Others**

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Keith O’Neal	New York Public Service Commission (“PSC”)

**Agenda Items - (Item # from Meeting Agenda)**

**1.0 Introduction** - All thirteen (13) Members of the NYSRC Executive Committee (“Committee”) were in attendance. Mr. Clayton noted that Peter Chamberlain is the new Alternate Member for the Wholesale Seller’s Sector, replacing Ms. Brown. Mr. Bolbrock requested that a letter be sent designating Mr. Chamberlain as the Alternate Member - **AI #20-1**.

**1.1 Executive Session** - An Executive Session was conducted to discuss Consultant fees for 2001.

**1.2 Requests for Additional Agenda Items** - The Committee reviewed the agenda for the meeting and added agenda items to be covered under Items 6.1 and 6.2 below.

**1.3 Topics for Open Session** - There was one item on the Open Session agenda requiring discussion by the Committee during the Closed Session. This item is discussed below.

## **2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 19 (November 13, 2000)** - After discussion, Mr. Mennerich moved that the Committee approve the Draft Minutes for Meeting No. 19 as modified by the Committee, which was seconded by Mr. Clagett, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 19 and post them on the NYSRC web site - **AI #20-2**.

**2.2 Action Items List** - The Committee reviewed the Outstanding Action Items List. Items were discussed under their respective Agenda Items below.

## **3.0 Organizational Issues**

### **3.1 NYSRC Treasurer's Report**

Mr. Adamson presented the Treasurer's Report to the Committee. The November 2000 Summary of Receipts and Disbursements was distributed and summarized. Mr. Adamson reported that all but two (2) Members have submitted full payments through December 2000, resulting in a total of \$30,000 in outstanding payments. These Members have indicated that the outstanding payments will be made in December 2000. As of December 6, 2000, the NYSRC has a cash balance of approximately \$81,000 with no outstanding invoices. The projected year-end balance is estimated to be \$80,000 - \$100,000, assuming that the \$30,000 in outstanding payments are received. After discussions for Item 3.3 below, the Committee agreed to have Mr. Adamson issue a Call for Funds to collect the \$10,000 annual membership fee for 2001 from all Affiliated Members, to be paid by January 2, 2001 - **AI #20-3**.

The Committee reviewed and discussed the two draft engagement letters for accounting services to be provided by Urbach Kahn & Werlin, PC in 2001. The total estimate for accounting services in 2001 is \$17,000. The Committee agreed to accept the letters as modified by Mr. Gioia. Mr. Adamson will modify the letters and forward them to Mr. Bolbrock for execution - **AI #20-4**.

### **3.2 2001 NYSRC Budget**

**a. Motion to Approve 2001 NYSRC Budget** - Mr. Raymond reviewed Revision 4 to the NYSRC 2001 Budget and the Committee discussed the "Limited Waiver of NYSRC Dues Payable By Represented Entities For The Year 2001," ("Waiver"), which was approved as modified by the Committee at the November 13, 2000 Committee meeting. Messrs. Clayton, Loughney, and Cordeiro agreed with the terms of the Waiver. After discussion, Mr. Loehr moved that the Committee approve Revision 4 of the NYSRC 2001 Budget, which was seconded by Mr. Ellsworth, and approved unanimously by the Committee Members in attendance (13 to 0). Further discussion of the Waiver occurred during discussions of Item 3.3 below.

### **3.3 NYSRC Funding Mechanism**

**a. FERC Filing for TSC Surcharge** - Mr. Gioia reported that NMPC Counsel contacted him regarding the draft FERC filing to fund the NYSRC through a surcharge to the Transmission Owner's Transmission Service Charge ("TSC"). Mr. Gioia noted that NMPC could not support the FERC filing since it could result in FERC reopening the NMPC TSC revenue requirement proceeding. Mr. Haase

noted that NYPA has decided not to participate in the FERC filing and that they would continue to fund their portion of the NYSRC costs as they do currently. Mr. Sasson indicated that Con Edison is taking the same position as NYPA. After continued discussion of the issue, Mr. Bolbrock suggested that since NMPC, NYPA, and Con Edison do not support the FERC filing, the Committee should table the FERC filing for now and revisit after the FERC RTO Proceeding moves forward. Mr. Cordeiro noted his disappointment with the timing of the apparent change in position by some of the Committee Members regarding the FERC filing, especially since the Committee just approved the NYSRC 2001 Budget and that the Waiver had been approved at the last meeting. Mr. Cordeiro stated that Municipal System and Electric Cooperative Sector agreed to the \$70,000 allocation in 2001 as stated in the Waiver based on a FERC filing being made, and in the event that FERC rejected the proposal. If the FERC filing is not to be pursued, he must now go back to his Sector for their position on the Waiver language. Mr. Raymond proposed that the ten (10) Affiliated Members pay a larger fixed membership fee of \$10,000 each, with the balance of the NYSRC costs being allocated to the Transmission Owners based on a actual energy usage during a given year. Mr. Fleury stated that the Committee should stick with the approved 2001 budget and Waiver for now, and work on a funding proposal similar to Mr. Raymond's proposal, along with developing a five year plan. Mr. Bolbrock requested Mr. Raymond to reconvene the Funding Working Group to develop: (1) a funding mechanism based on a fixed amount (membership fee) paid by all Affiliated Members, and a load-weighted average allocation of the balance of NYSRC costs paid by the Transmission Owners; (2) a five year plan/budget for the NYSRC; and (3) a list of considerations to be taken into account (i.e. - voting rights of Members), to be completed for the February 2001 Committee meeting (No action was taken by the Committee on the funding mechanism proposed by Mr. Raymond. The Funding Working Group shall investigate other funding alternatives.) - **AI #20-5**. The Committee agreed that any cash balance that exists at the end of 2000 will be applied to the 2001 NYSRC Budget to reduce the cost allocations to the Affiliated Members in 2001.

Mr. Clayton moved that the Waiver approved by the Committee be modified to reduce the assessment to the Municipal System and Electric Cooperative Sector from \$70,000 to \$10,000. This motion was seconded by Mr. Loehr, however, the motion was tabled by the Committee until the next meeting. The Committee also agreed to have Mr. Adamson issue a Call for Funds to collect the \$10,000 annual membership fee for 2001 from all Affiliated Members (see Item 3.1).

**b. NYISO Position on FERC Filing for TSC Surcharge** - Mr. Adams reported that the NYISO would remain neutral regarding a NYSRC filing at FERC for a TSC Surcharge.

### **3.4 Open Committee/Subcommittee Meetings**

The Committee discussed the proposed revisions to NYSRC Policy No. 2, Openness Policy addressing the Committee's decision that all Committee, Subcommittee and Working Group meetings will be opened up for all interested parties to attend, starting in January 2001. Mr. O'Neal reported that this decision was presented at the NYISO Operating Committee meeting and the response was favorable. Mr. Ellsworth moved to approve the draft NYSRC Policy No. 2-1 as modified by the Committee, which was seconded by Mr. Haase and approved unanimously by the Committee

Members in attendance (13 to 0). The Secretary shall revise and post the approved NYSRC Policy No. 2-1 on the NYSRC web site - **AI #20-6**.

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

There was nothing new to report regarding the Millennium Pipeline Company (“Millennium”) Gas Pipeline Proceeding. The Committee agreed to remove this item from future agendas, unless there is something new to report.

#### **5.0 Proposed NERC Legislation Status & NYSRC Course of Action**

There was nothing new to report on the status of the proposed legislation. The Committee agreed to remove this item from future agendas.

#### **6.0 Other Issues**

**6.1 DOE Notice of Inquiry on Reliability Standards** - Mr. Sasson recommended and the Committee agreed that the NYSRC should develop a response to the Department of Energy (“DOE”) Notice of Inquiry on whether to initiate a rulemaking to impose mandatory electric reliability standards. Mr. Gioia shall draft a response to the DOE to be filed by January 4, 2001. The Committee shall review the draft response and provide comments to Mr. Gioia - **AI #20-7**.

**6.2 RTO Proceeding** - Mr. Sasson briefly discussed the RTO proceeding at FERC and the need for the NYSRC to monitor the RTO process, due to potential impacts on the NYSRC. The Committee agreed to discuss this issue at the next meeting.

#### **7.0 NYS Assembly Statewide Reliability Study**

During the Open Session, Mr. Loehr reported that the Energy Planning Board (“EPB”) issued its final report by December 1, 2000, in compliance with the NYS Assembly’s legislation. The final EPB report did not have the General Electric (“GE”) Report for the New York State Electric System Reliability Study attached. Mr. Loehr noted that the Advisory Committee did not have the opportunity to review and comment on the EPB report. Mr. Loehr also noted that he has agreed to participate in a panel session on the GE Report.

#### **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 December 4, 2000, along with a joint meeting with the Installed Capacity Working Group on December 5, 2000. Topics discussed by the RRS included reserve pick-ups, recent NYISO declared alert states due to system frequency, the installed capacity procurement period, and Con Edison global short circuit issue, in addition to the issues

discussed below.

- b. Status of New/Revised Reliability Rules** - The Secretary reported that the latest draft Revision No. 1 to the NYSRC Reliability Rules was sent to the RRS and Mr. Gioia for final review and comments. The final draft will be forwarded to the Committee upon completion - continuation of **AI #14-4**.
  - i. Draft NYSRC Policy No. 1-2** - After brief discussion of the revised policy for modifying NYSRC Reliability Rules, Mr. Sasson moved for Committee approval of the policy, which was seconded by Mr. Mennerich and unanimously approved by the Committee (13 to 0). The Secretary shall finalize and post the policy on the NYSRC web site - **AI #20-8**.
  - ii. RRS Proposal to Proceed with Revision 2 to NYSRC Reliability Rules** - Mr. Adamson briefly summarized the RRS proposal to proceed with preparing Revision 2 to the NYSRC Reliability Rules. The estimated cost to complete the revision is included in the NYSRC 2001 Budget. After brief discussion, the Committee agreed to have the RRS proceed.
- c. Other RRS Issues**
  - i. FERC Staff Report** - Mr. Sasson noted that the RRS reviewed the FERC Staff Report titled, "Investigation of Bulk Power Markets in the Northeast," and has determined that a letter should be sent to FERC to address various statements regarding the NYSRC. The RRS proposed and the Committee agreed to have Messrs. Sasson and Gioia draft a letter to FERC to clarify facts as required - continuation of **AI #19-7**.
  - ii. Latent Operating Reserves** - Mr. O'Neal presented the RRS' draft letter to the NYISO regarding the latent (non-contracted for) operating reserve issue. After discussion, the Committee requested the Reliability Compliance Monitoring Subcommittee to review and finalize the letter to the NYISO and reference the new NYSRC Policy No. 4 - **AI #20-9**. The Committee also requested Mr. Adams to check on whether the NYISO responded to the July 17, 2000 letter from the NYSRC regarding the replenishing of ten (10) minute operating reserves - **AI #20-10**.

## **9.0 Installed Capacity Working Group Status Report/Issues**

- a. ICWG Status Report & Discussion Items** - During the Open Session, Mr. Cordeiro reported that the Installed Capacity Working Group ("ICWG") last met on December 5, 2000, as part of a joint meeting with the RRS. The entire meeting was spent on the 2001 New York Control Area Installed Capacity Requirements Study ("2001 Study").
- b. 2001 Statewide Installed Capacity Requirements Study - Status Report** - During the Closed Session, the Committee discussed the 2001 Study results and the statewide installed reserve margin ("IRM") recommendation from the RRS/ICWG. Questions about the 2001 Study results were asked by the Committee and answered by Messrs. Adamson, Cordeiro, and Sasson. These questions were regarding the base case IRM; the recommended adder; impacts on the locational

requirements for New York City, Long Island, and the upstate Transmission Owners; and corrections made since the 2000 IRM Study.

During the Open Session, Mr. Cordeiro reported that the ICWG completed the 2001 Study, which was reviewed and revised by the RRS and sent to the Committee for approval. Mr. Cordeiro thanked all who contributed to the completion of the 2001 Study, especially Messrs. Hogan, Adamson, Vitale, Drake, Desell, and Adams. Mr. Cordeiro summarized the 2001 Study report, noting the nine (9) issues requested by the Committee to be included in the 2001 Study. The RRS/ICWG recommended that the statewide IRM for the capability year from May 1, 2001 through April 30, 2002, remain at 18%, which includes a 0.9% adder to the base case IRM of 17.1% to account for the remaining uncertainties. After discussion by the Committee, Mr. Bolbrock read the Proposed Resolution to adopt the RRS/ICWG recommendation. Revisions to the Draft Resolution were suggested. A motion was introduced by Mr. Sasson to adopt the Draft Resolution as modified by the Committee, recommending an 18% statewide IRM, which was seconded by Mr. Mennerich, and approved by the Committee by a vote of 12 to 1 in favor, with NMPC being the only Member opposing the Resolution. The following action items were assigned by the Committee: (1) Submit any comments on the 2001 Study Technical Report to Mr. Adamson by December 13, 2000 - **AI #20-11**; (2) finalize the 2001 Study Technical Report and forward to the Secretary by December 15, 2000 for posting on the NYSRC web site - **AI #20-12**; (3) Mr. Sasson and the RRS shall draft a transmittal letter to send the 2001 Study Technical Report to the NYISO - **AI #20-13**; (4) Mr. Loehr shall draft a Press Release - **AI #20-14**; and (5) Mr. Gioia shall draft an informational filing letter to FERC - **AI #20-15**.

## **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”) is scheduled to meet on December 12, 2000.
- b. Status of NYSRC Reliability Compliance Program**
  - i. Draft NYSRC Policy No. 4-0:** After brief discussion, Mr. Raymond moved to approve the draft NYSRC Policy No. 4-0, “Procedure for Monitoring Compliance with NYSRC Reliability Rules,” which was seconded by Mr. Ellsworth and unanimously approved by the Committee (13 to 0). The Secretary shall post the NYSRC Policy No. 4-0 on the NYSRC web site - **AI #20-16**.
  - ii. Draft Compliance Template** - Mr. Loehr noted that the RCMS sent the 2000 NYRCP Templates, addressing New York specific reliability rules, to the NYISO for review. The RCMS is still reviewing the draft templates and will present them at the next Committee meeting - continuation of **AI #19-10**.
  - iii. Draft 2000 NYRCP Results Summary** - Mr. Loehr reported that the RCMS will present the draft 2000 NYRCP Results Summary at the next Committee meeting -

continuation of AI #19-11.

### 11.0 NYISO Studies - Status Report

- a. **NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO completed Phase I of the long-term transmission reliability study and a draft report is being prepared for completion by the week of December 18. The NYISO issues biweekly status reports on this study.
- b. **NYISO Reactive Resource Adequacy Study** - Mr. Adams reported that the study has been started and they are waiting for data from the Transmission Owners that was requested through the NYISO Transmission Planning Advisory Subcommittee ("TPAS"). A draft report is scheduled for completion by April 2001.
- c. **Other NYISO Studies** - No other studies to report on.

### 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>
#21	Jan. 11	NYISO Power Control Center, Guilderland	9:30 A.M.
#22	Feb.8	LeBoeuf Lamb Office, New York City	10:00 A.M.
#23	Mar. 8	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 20 was adjourned at 3:35 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: January 11, 2001