

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 22 - February 8, 2001**  
**LeBoeuf, Lamb, Greene & MacRae Offices, New York City 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
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
A. Ralph Ruffano	New York Power Authority (“NYPA”) (Alternate)
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)-by phone
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
L. Eng	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”)

**Visitors - Open Session**

J.V. Plewinski, Jr.	General Electric Power Systems Energy Consulting
P.F. Chamberlain	The E-Cubed Company
S. Mark Petro	Mirant
L. Baker	Orion Power -by phone

**Members/Alternates Absent**

Bruce B. Ellsworth	Unaffiliated Member
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**Agenda Items - (Item # from Meeting Agenda)**

**I. Executive Session** - An Executive Session was conducted to address one administrative issue.

**II. Open Session**

**1.0 Introduction**

**1.1 Meeting Attendees** - Twelve (12) Members/Alternate Members of the NYSRC Executive

Committee (“Committee”) were in attendance. Mr. Bolbrock welcomed Mr. Eng replacing Mr. Raymond as NMPC’s representative; Mr. Rufrano as NYPA’s Alternate Member, and the visitors attending in person and participating by telephone. The Committee recognized the contributions of Mr. Raymond during his term as NMPC’s representative on the Committee.

**1.2 Requests for Additional Agenda Items** - The Committee reviewed the agenda for the meeting and added agenda items to be covered under Items 3.4 and 8.6 below.

**1.3 Executive Session Topics** - Mr. Bolbrock noted that an Executive Session was conducted to discuss administrative issues regarding the Alternate Member representation for the Wholesale Sellers Sector.

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

**2.1 Approval of Minutes for Meeting No. 21 (January 11, 2001)** - After discussion, Mr. Mennerich moved that the Committee approve the Draft Minutes for Meeting No. 21, which was seconded by Mr. Loehr, and approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). The Secretary will issue the final minutes for Meeting No. 21 and post them on the NYSRC web site - **AI #22-1**.

**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, noting that he met with Urbach Kahn & Werlin, PC (“UK&W”) to discuss the new monthly financial report to be used by UK&W; the new non-taxable cash management account established on January 19, 2001, with an interest rate of 3.75%; the financial audit to be conducted by UK&W in February; the preparation of IRS Form 990 to be completed by UK&W in March/April; and the completion of Form 1099s, issued on January 24, 2001.

- i. Summary of Receipts & Disbursements** - Mr. Adamson presented the January 2001 Summary of Receipts and Disbursements. Mr. Adamson reported that all outstanding 2000 payments were received in January. In response to the Call for Funds issued for the 2001 membership fee of \$10,000 per Affiliated Member, Mr. Adamson reported that eight (8) Members have submitted their payment to date, with \$15,000 still outstanding from two (2) Members. As of February 8, 2001, the NYSRC has a cash balance of approximately \$181,000 with no outstanding invoices.
- ii. Estimated 2001 Monthly Cash Flow & Payment Schedule** - Mr. Adamson presented the Estimated 2001 Monthly Cash Flow to the Committee. The Committee agreed to the proposed payment schedule with a Call for Funds in April (\$15,000), July (\$15,000), and October (\$20,000). The Committee agreed that the amount of the Call for Funds shall be

reviewed and modified, if required due to the existing cash balance. The Committee shall consider authorization of the April Call for Funds at the next meeting.

### **3.2 NYSRC Policy No. 2-1 (Openness Policy) - Executive Session**

Mr. Gioia addressed the following issues raised by various parties regarding the NYSRC's ability to hold executive sessions during meetings and topics discussed during these executive sessions:

- i. Open Meetings - The NYSRC is a Delaware Limited Liability Company ("LLC"). The Committee, as the managers of the LLC, has control over the operation of the LLC. The Committee is under no legal obligation to open its meetings to the public or to publicly disclose information to third parties that it determines should be kept confidential. To the extent that the Committee opens its meetings and makes information available to third parties, it does so as a matter of discretion and based on its conclusion that doing so is in the best interests of the LLC. The Committee has revised Policy No. 2 to open all Committee, Subcommittee and Working Group meetings.
- ii. Executive Sessions - The holding of an executive session is within the discretion of the Committee, and it needs no justification for holding an executive session. Furthermore, since the holding of an executive session is an inherent right of the NYSRC as an LLC, and is an almost universal prerogative of all organizations, no express FERC authorization is required for holding an executive session. In this regard, it should be noted that the Board of Directors and the Management Committee of the NYISO both have provisions for executive sessions, without express FERC authorization. The Code of Conduct adopted by the Committee includes provisions related to the holding of executive sessions. The Code provides that: "The Executive Committee shall meet in executive session whenever the Executive Committee, in its sole discretion, deems it necessary or advisable in order to conduct the business of the Council, including prevention of the disclosure of Confidential Information. Attendance at an executive session of the Executive Committee shall be limited to the thirteen members of the Executive Committee unless the Executive Committee expressly invites others to attend. All communications at an executive session of the Executive Committee, whether or not pertaining to Confidential Information, shall be privileged and confidential and shall not be published, disclosed or otherwise divulged, to any person or entity other than those in attendance at such executive session; provided, however, that disclosure shall be permitted if, and to the extent, required by an order of a court or administrative agency of appropriate jurisdiction." (NYSRC Code of Conduct, A. Confidentiality, p. 3).
- iii. Confidentiality of discussions during Executive Sessions - NYSRC Members and Alternate Members are bound by the terms of the Code of Conduct and Confidentiality Agreement not to disclose any confidential information or take any action to help or hinder any entity, including the entity the Member or Alternate Member represents. The Code of Conduct also provides that "[i]n the performance of their responsibilities related to the Council, members of the Executive Committee and other Council Personnel shall not engage in activities which 1) intentionally advantage or disadvantage any Market Participant's commercial interests, 2) are unlawful, or 3)

interfere with the duties owed the Council." (NYSRC Code of Conduct, D. Conflicts of Interest p. 4).

After discussion, the Committee agreed that NYSRC Policy No. 2 will not be revised, as originally suggested, to clarify what topics are to be discussed during executive sessions. The Committee also agreed that no responses will be sent to the questions raised by various parties, however, the parties will be directed by the Secretary to the responses provided above, after the minutes of this meeting are approved by the Committee and posted on the web site - **AI #22-2**.

### **3.3 NYSRC Funding Proposal - Funding Working Group**

Mr. Adamson reported that he developed a few different funding proposals at the request of Mr. Raymond and forwarded them to the Funding Working Group ("Group"). Mr. Loughney requested to participate on the Group and to receive any information issued to date. A request was made for a volunteer to chair the Group and Mr. Eng agreed.

### **3.4 NYSRC Staffing Support**

Mr. Clagett raised the issue of the growing need for administrative support staff to assist the NYSRC committees, subcommittees, and working groups. Mr. Adamson noted that the NYISO has provided some support, however, the workload is increasing and can no longer be handled in a timely fashion. The Committee discussed the need to contract a part time administrative assistant for an average of two (2) days per week. The cost of this support staff could be covered under the \$86,000 Contingency in the 2001 NYSRC Budget. Mr. Loehr entered a motion for the Committee to authorize contracting a part-time administrative assistant at a maximum cost of \$25,000 including labor and associated expenses. The motion was seconded by Mr. Loughney and approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). Mr. Adamson shall finalize a position description, advertise the position in the local newspaper, and interview interested candidates - **AI #22-3**.

## **4.0 Reliability Rules Subcommittee Status Report/Issues**

**4.1 Subcommittee Status Report & Discussion Items** - Mr. Sasson reported that the Reliability Rules Subcommittee ("RRS") last met on February 2, 2001. Topics discussed by the RRS included the draft Revision No. 1 of the NYSRC Reliability Rules, reviewing all proposed reliability rule revisions to be included in Revision No. 2 of the NYSRC Reliability Rules, and the proposed format of Revision No. 2.

### **4.2 Status of New/Revised Reliability Rules**

- i. Revision No. 1 to NYSRC Reliability Rules** - Mr. Sasson reported that the RRS accepted the final draft of Revision No. 1 to the NYSRC Reliability Rules which was distributed to the Committee. Mr. Clayton moved that the Committee approve Revision No. 1 to the NYSRC Reliability Rules for filing at the FERC and PSC for informational purposes. The motion was seconded by Mr. Sasson and approved unanimously by the Committee Members in attendance

(12 to 0, 1 absent). The Secretary will finalize the document, prepare copies for filing at FERC and the PSC, and work with Mr. Gioia to finalize the filing transmittal letter - continuation of **AI #14-4**.

- ii. **RRS Proposal to Proceed with Revision 2 to NYSRC Reliability Rules** - Mr. Adamson provided a status report on the preparation of Revision 2 to the NYSRC Reliability Rules. The Reliability Rules in Revision No. 2 will be grouped into eleven (11) Rule Sections, with each rule section having an introduction and measurements added to the rule description. Mr. Adamson distributed and reviewed an example of a Rule Section. Mr. Sasson requested that comments be submitted to the RRS on the format of the Rule Sections - **AI #22-4**. The Committee discussed and agreed to have the RRS distribute a list of Reliability Rule revisions to be discussed at all future Committee meetings. An item will be added to the Meeting Agenda - **AI #21-6**.
- iii. **Proposed NYSRC Reliability Rule Revisions** - Mr. Sasson reviewed the Priority 1 items on the list of Proposed NYSRC Reliability Rule Revisions distributed to the Committee. Mr. Sasson reminded the Committee that all parties can submit proposed revisions or new rules through the open process. Mr. Bolbrock noted that the NYSRC must focus more on the areas of transmission system expansion planning and generation deliverability. The Committee agreed that the RRS shall review and determine whether additional reliability rules are needed beyond the existing NERC, NPCC, and NYSRC reliability rules to address the areas of transmission system expansion planning and generation deliverability, while ensuring that the NYSRC is not expanding its scope beyond its defined responsibilities - **AI #22-5**.

#### **4.3 Other RRS Issues**

- i. **Letter to FERC on FERC Staff Report** - Messrs. Gioia and Sasson shall discuss and finalize a letter to FERC addressing the FERC Staff Report titled, "Investigation of Bulk Power Markets in the Northeast" - continuation of **AI #19-7**.

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

- 5.1 ICWG Status Report & Discussion Items** - Mr. Adamson reported that the RRS has requested the Installed Capacity Working Group ("ICWG") to review and provide any suggested revisions to the NYSRC Reliability Rules Section 3.1 on Resource Adequacy, in addition to providing any measurements for the rules. The Secretary also noted that he will be working with Mr. Gioia to prepare a transmittal letter to file the 2001 New York Control Area Installed Capacity Requirements Study ("2001 Study") at FERC, maintaining the 18% state-wide installed reserve margin requirement for the capability year from May 1, 2001 through April 30, 2002 - continuation of **AI #21-15**.

#### **6.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues**

- 6.1 Status Report & Discussion Items** - Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee ("RCMS") met on January 12<sup>th</sup> and February 7<sup>th</sup>, and has set its schedule for the remainder of 2001. The Secretary shall issue notices for all future meetings in conjunction with the Committee meeting notices. Mr. Loehr summarized the following issues

discussed by the RCMS: (1) NPCC Compliance Monitoring Advisory Subcommittee's ("CMAS") final report on the NPCC November 3, 2000 NYISO operations review found the NYISO to be fully compliant. The report will be posted on the NPCC web site. (2) Con Edison's fault current mitigation study. (3) NYISO Monthly Operating and Major Emergency Reports. (4) NYISO's 2000 Locational Capacity Requirements Review showed that the requirement was met on a statewide basis, however, New York City was short on capacity. (5) NYISO 2001 Locational ICAP Requirements Study shall be reviewed by the RCMS.

The Committee discussed the shortage of ICAP requirements in New York City in 2000 and Mr. Adams noted that the names of the LSEs who did not meet the requirements cannot be disclosed based on confidentiality agreements. Mr. Bolbrock raised a concern that the NYSRC is unable to complete its oversight role and any audits without the ability to see this information. Mr. Loehr noted that the NYISO completed its audit of the LSEs and notified the RCMS. Mr. Chamberlain later noted that the ICAP deficiency was due to the LSE not being able to find any ICAP to purchase. The current market activities indicate that the deficiency will be corrected for Summer 2001. The Committee was also informed that at least two lawsuits have been filed to prevent NYPA's installation of some of the new generators in New York City. The Committee discussed and agreed that the NYSRC should send letters and issue a press release expressing: (1) the NYSRC's concerns about Summer 2001; (2) the NYSRC supports programs to reduce load demands; and (3) to call on responsible parties to take the appropriate action to address these concerns. Mr. Loehr and the RCMS shall revise the original draft press release and incorporate the issues discussed by the Committee - **AI #22-6**.

## **6.2 Status of NYSRC Reliability Compliance Program ("NYRCP")**

- i. Draft Compliance Template** - Mr. Adamson distributed and reviewed the revised draft NYRCP Compliance Template incorporating comments from the Committee. The Committee accepted the format of the templates. The RCMS recommended the use of the "Interim" template until a final template is developed to correspond with Revision 2 to the NYSRC Reliability Rules.
- ii. Draft 2000 NYRCP Results Summary** - Mr. Loehr distributed the Compliance Summary Explanation for review by the Committee. The RCMS will present the 2000 NYRCP Results Summary at the next Committee meeting - continuation of **AI #21-10**.
- iii. Draft NYSRC Policy No. 4-1** - The RCMS revised the policy to incorporate text defining the monitoring and oversight roles. Mr. Mennerich entered a motion to approve the draft NYSRC Policy No. 4-1, which was seconded by Mr. Eng, and approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). The Secretary will issue the policy and post it on the NYSRC web site - **AI #22-7**.
- iv. 2001 NYRCP - Recommended List of NYSRC Reliability Rules for RCMS Compliance Review in 2001** - Mr. Loehr reviewed the list of NYSRC Reliability Rules to be reviewed for compliance in 2001 and noted that due to resource constraints, the RCMS will not be able to review all rules. The Committee agreed with the list.

## **6.3 Other RCMS Issues**

- i. **NYISO Response on Non-Contracted For Operating Reserves** - Mr. Adams distributed copies of the February 7, 2001 NYISO letter in response to the NYSRC's December 15, 2000 letter regarding the latent (non-contracted for) operating reserve issue. The RCMS shall review the NYISO letter and report to the Committee - **AI #22-8**. Committee Members shall forward comments to the RCMS. Mr. Sasson raised a concern regarding the availability of non-ICAP units and suggested that the NYISO contact the owners of these non-ICAP units to question them on their availability, if needed during an emergency. Mr. Adams shall verify if non-ICAP units are obligated, under the terms of the NYISO Agreement or Tariffs, to provide ICAP during an emergency, and if so, to notify them of this obligation - **AI #22-9**.

## **7.0 NYISO Studies - Status Report**

**7.1 NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO has met with the Market Participants on the long-term transmission reliability study and has posted the draft report on the NYISO web site. The Secretary distributed the latest bi-weekly NYISO status report on this study to the Committee.

**7.2 NYISO Reactive Resource Adequacy Study** - Mr. Adams reported that the study work is continuing and is scheduled for completion by July 1, 2001.

**7.3 Locational ICAP Requirements Study** - Mr. Adams reported that the NYISO will post the draft report on February 9<sup>th</sup> and the NYISO Operating Committee will be reviewing the report at its February 14<sup>th</sup> meeting. Mr. Adams noted that the New York City locational ICAP requirements will remain the same, while the Long Island requirements will be reduced. The Secretary distributed the February 6<sup>th</sup> NYISO Weekly Update to the Committee which discusses the status of the study.

**7.4 Other NYISO Studies** - Mr. Adams reported that the NYISO has prepared a draft report on the "Low-Cost Transmission Upgrade Study," which is being reviewed internally and will be sent to the Transmission Owners. The study has identified twelve transmission circuits for further load flow studies.

## **8.0 Other Issues**

**8.1 DOE Notice of Inquiry on Reliability Standards** - Mr. Gioia reported that the NYSRC filed a response to the Department of Energy ("DOE") Notice of Inquiry in January. Mr. Gioia distributed a summary of the responses submitted by all parties. The DOE has not set any dates for further actions in the proceeding.

**8.2 FERC RTO Proceeding** - Mr. Gioia reported on the status of the Regional Transmission Organization ("RTO") proceeding at FERC, noting that the Transmission Owners and NYISO submitted a joint filing stating that the NYISO complies with FERC's definition of an RTO. The joint filing raised no issues with respect to the NYSRC. The Committee will continue to monitor the RTO process due to potential impacts on the NYSRC.

**8.3 FERC Technical Conference on the NYISO** - Mr. Gioia reported on the FERC Technical Conference on the NYISO on January 22 & 23, 2001, noting that the conference addressed current NYISO issues, such as the circuit breaker mechanism. Comments on the technical conference are due to FERC on February 8<sup>th</sup>. Mr. Bolbrock noted that the NYSRC was not represented on the panel addressing Energy Markets since all reliability related issues were removed from the agenda.

**8.4 Millennium Gas Pipeline Project Status - Status Report on FERC Proceeding** - Mr. Gioia reported that the scheduled in-service date for the Millennium Pipeline Company (“Millennium”) Gas Pipeline has been delayed to November 1, 2002. FERC has not issued an order in the Millennium Proceeding to date.

**8.5 Generation Mix Impacts on Reliability** - The Secretary reported that an email was received from AES Corporation on the issue of reliability impacts as a result of the increase of natural gas fired generation in New York. Mr. Sasson noted that the RRS has discussed the issue. Mr. Adams noted that the New York Power Pool completed a study in the early 1990s on the generation mix issue and did not have any concerns. This issue has been raised by the NYISO Operating Committee and a new study may be completed by the NY Gas Group.

**8.6 NPCC Executive Committee** - Messrs. Bolbrock and Clagett reported on the issues discussed at the February 7<sup>th</sup> NPCC Executive Committee meeting they attended. Copies of the draft NPCC 2001 Organizational Goals and the draft Year 2000 Regional Reliability Assurance report were distributed to the Committee.

## 9.0 Visitor Comments

Mr. Bolbrock solicited comments from the visitors attending the meeting and participating by telephone. No comments were provided other than those noted above.

## 10.0 Meeting Schedule

The following are the scheduled dates, locations and starting times for the future Committee meetings in 2001, as agreed to by the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#23	Mar. 8	NYISO Power Control Center, Guilderland	9:30 A.M.
#24	Apr. 12	NYISO Power Control Center, Guilderland	9:30 A.M.
#25	May 11	NPCC Offices - New York City	10:00 A.M.
#26	June 8	NYISO Power Control Center, Guilderland	9:30 A.M.
#27	July 13	NYISO Power Control Center, Guilderland	9:30 A.M.

#28	Aug. 17	NPCC Offices - New York City	10:00 A.M.
#29	Sept. 14	NYISO Power Control Center, Guilderland	9:30 A.M.
#30	Oct. 12	NYISO Power Control Center, Guilderland	9:30 A.M.
#31	Nov. 9	NPCC Offices - New York City	10:00 A.M.
#32	Dec. 14	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 22 was adjourned at 3:10 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: March 9, 2001