

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 23 - March 8, 2001
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”)-by phone
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”)
L. Eng	Niagara Mohawk Power Corporation (“NMPC”)-by phone
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc. (“Con Edison”)

Others

Alan M. Adamson	Consultant
Therese M. Cross	Administrative Assistant - part time
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Keith O’Neal	NYS Department of Public Service (“PSC”)
Edward C. Schrom, Jr. PSC	
Howard A. Tarler	PSC

Visitors - Open Session

P.F. Chamberlain	The E-Cubed Company - by phone
S. Mark Petro	Mirant
C. Kowalski	NYSERDA - by phone, part time

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session - An Executive Session was conducted to address administrative and legal issues - **AI #23-1.**

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive

Committee (“Committee”) were in attendance. Mr. Bolbrock welcomed Mr. Schrom who will be replacing Mr. O’Neal as the PSC’s representative on the various NYSRC Subcommittees and as Mr. Tarler’s alternate at Committee meetings; Mr. Mager who is attending for Mr. Loughney; Mrs. Cross who has been hired as the NYSRC Administrative Assistant; and the visitors attending in person and participating by telephone. The Committee recognized the contributions of Mr. O’Neal to the NYSRC during the past two years and wished him well in his future endeavors.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda for the meeting and added agenda items to be covered under Items 8.5 and 8.6 below.

1.3 Executive Session Topics - Mr. Bolbrock noted that an Executive Session was conducted to discuss administrative and legal issues.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 22 (February 8, 2001) - After discussion, Mr. Clagett moved that the Committee approve the Revised Draft Minutes for Meeting No. 22 as modified by the Committee, which was seconded by Mr. Sasson, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 22 and post them on the NYSRC web site - **AI #23-2**.

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, noting that Urbach Kahn & Werlin, PC (“UK&W”) completed the IRS Form 990 which was signed by Mr. Bolbrock and will be filed with the IRS.

- i. Summary of Receipts & Disbursements** - Mr. Adamson presented the February 2001 Summary of Receipts and Disbursements. 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. Mr. Bolbrock requested the representatives of these two Members to expedite the payment of the outstanding amounts. As of March 5, 2001, the NYSRC has a cash balance of approximately \$160,000 with no outstanding invoices. The Committee directed Mr. Adamson to issue a Call for Funds for \$15,000 for payment by April 1, 2001 - **AI #23-3**.
- ii. Audit Report** - Mr. Adamson reported that UK&W completed the financial audit of the NYSRC for the year ending December 31, 2000. A copy of the UK&W Independent Auditor’s Report was distributed to the Committee.

3.2 NYSRC Funding Proposal - Funding Working Group

Mr. Bolbrock noted that Mr. Hauber volunteered to chair the Funding Working Group (“Group”). Mr. Hauber reported that the Group met by conference call on March 5, 2001 to discuss the spreadsheets developed by Mr. Adamson for the various NYSRC funding options. The Group agreed to revise the spreadsheets to show six (6) Transmission Owners, in anticipation of the proposed NYSEG/RG&E merger to be finalized in early 2001. Mr. Hauber noted that the Group is scheduled to finalize a funding proposal for presentation to the Committee at the next meeting - continuation of **AI #20-5**.

3.3 NYSRC Administrative Assistant

Mr. Adamson introduced Mrs. Cross as the NYSRC Administrative Assistant and briefly reviewed the process completed to contract Mrs. Cross. Any requests for work to be completed by Mrs. Cross shall be sent to Mr. Adamson or the Secretary.

3.4 Insurance Coverage

Mr. Gioia reported on the status of the renewals of the various NYSRC insurance policies. (1) General Liability Coverage - This \$1M policy will be renewed at a cost of \$5,328. (2) Excess Coverage - AEGIS has expressed concerns with respect to the renewal of this \$25M policy. AEGIS is compiling a list of concerns and questions for response by the NYSRC. AEGIS has extended the current policy to May 6, 2001, pending the NYSRC’s response to their questions. Mr. Gioia will forward the questions to the Committee upon receipt. (3) Director’s & Officer’s Liability Coverage - The NYSRC must submit a renewal application for this \$10M policy. The renewal application has been reviewed by NYSEG’s Risk Management Department and is ready for Mr. Bolbrock’s signature.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items - Mr. Bolbrock noted that effective March 1, 2000, Mr. Sasson has resigned as Chairman of the Reliability Rules Subcommittee (“RRS”), and Mr. Clayton has accepted the position of Chairman. The Committee acknowledged Mr. Sasson’s efforts as the first Chairman of the RRS. Mr. Clayton reported that the RRS last met on March 1, 2001. Mr. Hochberg of NYPA has assumed the role of RRS Secretary, Mr. Muir has replaced Mr. Sasson as the Con Edison representative, and Mr. Schrom will replace Mr. O’Neal as the PSC representative. Mr. Clayton also thanked Mr. O’Neal for his contributions to the RRS. The RRS’ main focus continues to be the 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. 2 to NYSRC Reliability Rules** - Mr. Adamson provided a status report on the preparation of Revision No. 2 to the NYSRC Reliability Rules. Mr. Adamson reported that no comments were received from the Committee on the mock-up example for Section A of

Revision No. 2. Mr. Adamson shall send the draft of Section B on “Transmission Capability - Planning” for the Committee to review and comment on the format - **AI #23-4**. The RRS recommended and the Committee agreed that the templates for the new reliability rules will be posted on the NYSRC web site for open process review, not the entire Revision No. 2 document. The RRS is scheduled to finalize Revision No. 2 so that it can be sent to the Committee by July 1, 2001.

- ii. **Proposed NYSRC Reliability Rule Revisions** - Mr. Clayton reviewed the Priority 1 items on the list of Proposed NYSRC Reliability Rule Revisions distributed to the Committee. Following final RRS review on April 5, 2001, Mr. Adamson shall finalize the templates for the new reliability rules and send them to the Committee by April 6, 2001 - **AI #23-5**. Upon Committee approval, these templates will be posted on the NYSRC web site for the open process review.

The Committee discussed the issue regarding the need for additional reliability rules in the areas of transmission system expansion planning and generation deliverability. The Committee agreed that the RRS shall review the NYISO interconnection standards and PJM’s reliability policy 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 - continuation of **AI #22-5**.

4.3 Other RRS Issues

- i. **Letter to FERC on FERC Staff Report** - Mr. Gioia reviewed the FERC Staff Report titled, “Investigation of Bulk Power Markets in the Northeast,” (“FERC Staff Report”) and distributed a March 5, 2001 letter discussing the major points to be addressed in the letter to FERC Staff. The Committee shall review the letter and send comments to Mr. Gioia. Messrs. Gioia and Sasson shall draft a letter to FERC Staff and send to the Committee for review - continuation of **AI #19-7**.
- ii. **Revision No. 1 to NYSRC Reliability Rules** - The Secretary distributed copies of Revision No. 1 to the NYSRC Reliability Rules to be filed at the FERC and PSC for informational purposes. The Secretary has worked with Mr. Gioia to finalize the filing transmittal letter. The filing will be made on March 9, 2001- continuation of **AI #14-4**.
- iii. **Bulk Power System Operating Standards** - Mr. O’Neal reported that a group of RRS and RCMS Members met with NYISO Staff on March 7, 2001 to discuss Bulk Power System Operating Standards, NYISO operating states and whether performance measures or indices need to be established. The group agreed that benchmarking must be done. The NYISO agreed to explore a means of extracting the required data.

5.0 Installed Capacity Working Group Status Report/Issues

- 5.1 **ICWG Status Report & Discussion Items** - Mr. Adamson reported that the Installed Capacity Working Group (“ICWG”) has reviewed and is working with the RRS on revisions to the NYSRC Reliability Rules Section 3.1 on Resource Adequacy, along with measurements for the rules. Mr. Gioia also noted that a transmittal letter has been prepared to file the 2001 New York Control Area Installed Capacity Requirements Study (“2001 Study”) at FERC for informational purposes. This

filing will be made at FERC on March 9, 2001 - continuation of **AI #20-15**.

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 March 7, 2001, and has agreed to start all open sessions at 10:00AM for the remainder of 2001. No executive sessions will be scheduled. Mr. Loehr also thanked Mr. O'Neal for his contributions to the RCMS. Mr. Loehr summarized the following issues discussed by the RCMS: (1) NPCC Compliance Monitoring Advisory Subcommittee ("CMAS") report; (2) Con Edison's fault current mitigation study; (3) the NYISO Monthly Operating and Major Emergency Reports; (4) the NYISO's 2001 Locational Installed Capacity Requirements Study; (5) the NYISO Transmission Planning Advisory Subcommittee ("TPAS") transmission studies; (6) the NYISO 2001 Transmission Assessment; and (7) the NYISO Low Cost Transmission Upgrade Study. Mr. Loehr also noted that the RCMS has reviewed the list of proposed NYSRC Reliability Rules and will be submitting comments to the RRS.

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

i. Draft 2000 NYSRC Compliance Program Results Summary - Mr. Loehr briefly discussed the draft 2000 NYRCP Results Summary and noted that upon further review, the RCMS agrees that document does not provide enough detail for the NY specific reliability rules. The RCMS is considering a full page for each of the NY specific rules and a more concise summary addressing all of the NERC and NPCC rules. The RCMS shall continue with its development of the 2000 NYRCP Results Summary - continuation of **AI #21-10**. Mr. Loehr also noted that he and Mr. Adamson met with Messrs. Adams and Calimano of the NYISO to discuss the 2001 NYRCP.

6.3 Other RCMS Issues

- i. NYISO Response on Non-Contracted For Operating Reserves** - Mr. O'Neal reported that the RCMS has reviewed the NYISO's February 7, 2001 response to the NYSRC's December 15, 2000 letter regarding the non-contracted for operating reserve issue. The RCMS has several concerns with the NYISO's response and is concerned that the NYISO may not be meeting the intent of the thirty (30) minute replenishment rule. The RCMS recommends that a meeting be scheduled with the NYISO. See item **6.3 iv** below.
- ii. NYSRC Press Release on Summer 2001** - After discussion, the Committee agreed that the NYSRC should 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. Chamberlain commented that the Committee should be cautious about what details are included in the press release and be able to support any details that are included. Mr. Loehr shall prepare a draft press release incorporating the issues discussed by the Committee - continuation of **AI #22-6**.
- iii. RCMS Review of the NYISO Locational ICAP Requirements Study** - Mr. Loehr reported that the RCMS has reviewed the NYISO Study and Mr. Adamson is preparing questions and comments from the RCMS to be presented at the next Committee meeting - **AI #23-6**. Mr. Bolbrock noted that LIPA is working with the NYISO on LIPA's concerns with

the data used to determine the ICAP requirements for Long Island.

- iv. **NYISO Review of Non-ICAP Provider Obligations Under Emergencies** - The Committee did not received a report from Mr. Adams on his action item to verify if non-ICAP units are obligated to provide ICAP during an emergency, and if so, to notify them of this obligation - continuation of **AI #22-9**. The Committee directed Mr. Gioia to review the NYISO Tariffs and Agreements to determine whether non-ICAP generating units are obligated to provide ICAP during an emergency. Mr. Loehr shall also schedule a meeting with the NYISO, prior to the next Committee meeting, to discuss this issue, in addition to the issue raised in item **6.3 i** above - **AI #23-7**.
- v. **Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Mr. Sasson briefly summarized the concerns raised in his February 9, 2001 email to the Committee regarding the commitment of generating units by the NYISO without taking into consideration the minimum down time requirements of the units. Mr. Sasson shall draft a letter requesting the NYISO to state what actions are being taken to address the concerns raised, and send to the Committee for review - **AI #23-8**.
- vi. **NYSRC Policy No. 2 - Openness Policy** - The Committee discussed how to handle documentation that is received by the NYSRC from other entities, such as letters or informational documentation from the NYISO in response to NYSRC requests. The Committee agreed that letters received from entities could be attached to Minutes of the meetings, however, other information would have to be handled differently (i.e. - the party requesting a copy of the letter/information would be directed to contact the sending party directly). After discussion, the Committee instructed Mr. Loehr and the RCMS to draft language for inclusion in NYSRC Policy No. 2 for handling documentation received from other entities that is required for the RCMS to monitor compliance - **AI #23-9**.

7.0 NYISO Studies - Status Report - Mr. Adams submitted a written report to the Committee reporting on the following NYISO studies:

7.1 NYISO Transmission Reliability Study - Nothing to report.

7.2 NYISO Reactive Resource Adequacy Study - A copy of the Reactive Resource Adequacy Study Progress Report dated February 2001 was distributed to the Committee. The study work is continuing and is scheduled for completion by July 1, 2001.

7.3 Low Cost Transmission Upgrade Study - The NYISO has been conducting a study of potential low cost transmission upgrades within the NYCA bulk power system. The study report is in its second draft and will be available by the end of March. The study has identified twelve (12) circuits as potential low cost upgrades, but additional analysis will be required to determine the benefits the upgrades would provide to overall system transfer capability and economics. In addition, all the upgrades that have been identified require lead times of several months to complete. The NYISO technical staff has been working closely with the technical staffs of the Transmission Owners in

conducting this study.

7.4 Other NYISO Studies

- i.** The NYISO has completed its assignment of the installed capacity to the transmission districts (“TDs”). The sum of the non-coincident peaks for year 2001 is forecast to be 30,760 MW versus a coincident peak of 30,620 MW. This results in an effective reserve margin of 17.5% for each TD.
- ii.** The NYISO’s Locational ICAP Requirements Study was completed and approved by the NYISO Operating Committee. The study resulted in a locational requirement for New York City of 80% and a Long Island requirement of 98%.
- iii.** The NYISO, as allowed by the Open Access Transmission Tariff (“OATT”), has been requested by the PSC to conduct a feasibility study of increasing transfer capability to New England and PJM. Copies of the PSC request dated February 14, 2001, and the NYISO response dated February 23, 2001 were distributed to the Committee.

8.0 Other Issues

8.1 DOE Notice of Inquiry on Reliability Standards - Mr. Gioia noted that there was nothing new to report on the Department of Energy’s (“DOE”) Notice of Inquiry proceeding. The DOE has not set any dates for further actions in the proceeding.

8.2 FERC RTO Proceeding - Mr. Gioia noted that there was nothing new to report on the Regional Transmission Organization (“RTO”) proceeding at FERC. 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 that reply comments have been filed by various parties on the FERC Technical Conference and that FERC Staff will be issuing a final report.

8.4 Millennium Gas Pipeline Proceeding - Mr. Gioia reported that FERC has not issued an order to date in the Millennium Pipeline Company (“Millennium”) Gas Pipeline Proceeding.

8.5 Energy Policies - Mr. Bolbrock briefly summarized the activities of the US Senate Energy & Natural Resources Committee activities regarding energy policies.

8.6 Data Availability & Confidentiality - Mr. Bolbrock raised a concern regarding the ability of the NYSRC to obtain data from the NYISO and NPCC to effectively defend the results of the State-wide IRM Study and to complete compliance monitoring activities. Mr. Bolbrock shall contact Mr. Museler to discuss (1) the NYSRC’s requirements for data and why the NYSRC is entitled to receive this data, (2) what are the NYISO’s concerns with providing this data to the NYSRC, and (3) how can the NYSRC address the NYISO’s concerns, thus allowing the NYSRC to receive the

data - AI #23-10.

8.7 Selection of NYSRC Sector Representatives - Mr. Gioia discussed the selection process for the representatives of the Wholesale Sellers, Large Consumers, and Municipal System & Electric Cooperative Sectors on the NYSRC, noting that the terms of the existing representatives expire on July 31, 2001. The selection process is completed under the jurisdiction of the NYISO Board of Directors. Mr. Gioia was directed by the Committee to find how the NYISO Board selected the current Sector representatives and to draft a proposed process for the selection of the representatives by the NYSRC - AI# 23-11.

9.0 Visitor Comments

Mr. Bolbrock solicited comments from the visitors attending the meeting and participating by telephone. Mr. Chamberlain commented on the Committee's discussions on the NYISO's Locational ICAP Requirements Study (6.3 iii) and the FERC Staff Report (4.3 i). No other comments were received.

10.0 Meeting Schedule

The Secretary distributed the schedules for all remaining Committee, RRS, and RCMS meetings in 2001. Below are the scheduled dates, locations and starting times for the remaining Committee meetings in 2001, as agreed to by the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#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. 23 was adjourned at 3:30 PM.

Completed By: Joseph C. Fleury - Secretary
Final Issue Date: April 12, 2001