

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 25 - May 11, 2001
NPCC 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
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
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
Mike Hogan	Central Hudson Gas & Electric Corporation (“CHG&E”)
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc. (“Con Edison”) *
John Muir	Con Edison
Herbert Schrayshuen	NMPC - Alternate Member

Others

John Adams	New York Independent System Operator (“NYISO”)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“PSC”)

Visitors - Open Session

L. Keith O’Neal	NRG - by phone
Joseph Plewinski	General Electric PSEC

“*” - Denotes part time attendance at the meeting.

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session - An Executive Session was conducted to address NYSRC funding.

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were in attendance.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda and one new item was added by the Committee under Agenda Item 5.2.

1.3 Executive Session Topics - Mr. Bolbrock noted that an Executive Session was conducted to discuss the issue of NYSRC funding. Details are discussed under Agenda Item 3.2 below.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 24 (April 12, 2001) - After brief discussion, Mr. Ellsworth moved that the Committee approve the Draft Minutes for Meeting No. 24, as modified by the Committee, which was seconded by Mr. Loughney, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 24 and post them on the NYSRC web site - **AI #25-1**.

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.

- i. **Summary of Receipts & Disbursements** - Mr. Adamson presented the April 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 all but one (1) Member has submitted their payment, with \$5,000 outstanding. As of May 4, 2001, the NYSRC has a cash balance of approximately \$209,000 with no outstanding invoices.

3.2 NYSRC Funding Proposal - Funding Working Group - Mr. Bolbrock reported that the Committee discussed the NYSRC funding issue during the Executive Session. The following funding mechanism is being proposed to the Committee for approval, for 2002 only:

- i. A \$5,000 membership fee shall be assessed to each of the nine (9) NYSRC Affiliated Members, including the Transmission Owners, the Wholesale Sellers' Sector, the Municipal Electric Systems and Cooperatives' Sector, and the Large Consumers' Sector.
- ii. 2002 NYSRC Budget expenses, in excess of \$45,000 in membership fees, shall be divided equally among the six (6) Transmission Owners (assumes that the NYSEG/RG&E merger is finalized).
- iii. The proposal is contingent upon the 2002 NYSRC Budget increasing no more than 10% of the 2001 NYSRC Budget (2002 NYSRC Budget of \$605,000 or less).

The Committee agreed to vote on the funding proposal for 2002 at the June Committee meeting. All Committee Members shall be prepared to vote on the proposed funding mechanism at the next Committee meeting - **AI #25-2**. The Committee will not be voting on a 2002 NYSRC Budget until

later in the year.

3.3 Selection of NYSRC Sector Representatives - Mr. Gioia summarized his May 9, 2001 letter regarding the appointment of Affiliated Members. The Committee agreed that the NYSRC should recommend a selection process to the NYISO Board of Directors for the representatives of the Wholesale Sellers, Large Consumers, and Municipal System & Electric Cooperative Sectors on the NYSRC. The Selection Working Group comprised of Messrs. Clayton, Cordeiro, Loughney, and Gioia shall develop and submit a selection process to the Committee for expeditious review, comments and approval, and submit the proposal to the NYISO Board prior to their June meeting - continuation of **AI #23-11**.

Since the terms of the all existing representatives on the Committee expire on July 31, 2001, the Transmission Owners shall submit a letter signed by an executive to the Secretary designating their representative on the Committee for the second term, commencing on August 1, 2001 - **AI #25-3**.

The Committee agreed that the election of the Committee Vice-Chairperson for the term commencing on August 1, 2001, shall take place after all representatives have been selected.

3.4 Insurance Coverage - Mr. Gioia reported on the status of the renewal of the NYSRC's \$25M Excess Coverage Policy with AEGIS. A response to AEGIS' questions was sent on March 29, 2001. AEGIS has submitted a quote of \$69,000 to renew the policy, compared to the 2001 premium of \$28,600. Mr. Gioia noted that Marsh has requested quotes from other insurance carriers, however, the coverage was not comparable to the current policy or the premiums quoted were more expensive than the AEGIS quote. After discussion, the Committee requested that Mr. Gioia (1) request another extension of the current policy to after the June 8, 2001 Committee meeting; (2) schedule a conference call with Marsh and AEGIS to discuss the policy; (3) review the coverage of the existing policy to determine if the NYSRC has coverage for gross negligence; and (4) submit a proposal regarding the Excess Coverage Policy to the Committee for approval at the next meeting - **AI #25-4**.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items - Mr. Clayton reported that the Reliability Rules Subcommittee ("RRS") last met on May 3, 2001. The main focus continues to be the development of Revision No. 2 to the NYSRC Reliability Rules, along with the development of the proposed reliability rule revisions to be included in Revision No. 2. Mr. Clayton also noted the NYISO's escort policy regarding visitors attending meetings in the NYISO's facilities.

4.2 Status of New/Revised Reliability Rules

- i. Revision No. 2 to NYSRC Reliability Rules** - Mr. Clayton provided a status report on the preparation of Revision No. 2 to the NYSRC Reliability Rules. RRS members have been assigned sections of the draft Revision No. 2 to review accuracy, style, content and the need for

new glossary terms.

- ii. Proposed NYSRC Reliability Rule Revisions** - Mr. Clayton reviewed the Priority 1 items on the List of Potential Reliability Rule Changes distributed to the Committee. The Secretary noted that templates RR01-01, 02, 03, 04 and 05 were posted on the web site for the open review process and no comments have been received to date. The deadline for submitting comments on these templates is June 6, 2001. The Committee then reviewed and discussed two (2) templates, RR#35 (RR01-06) and RR#36 (RR01-07) that were sent back to the RRS by the Committee for further action.
- a. RR #35 (RR01-06) - System Restoration** - Comments received from the Committee at the last meeting were incorporated into the revised template. Mr. Adams noted that the NYISO has a number of concerns with the proposed rule and requested that the Committee delay acting on the template. Mr. Schrayshuen noted that NMPC also had comments and concerns with the template, and that all of the Transmission Owners should review their respective restoration plans for compliance with the proposed rule. The Committee agreed that all comments on the template shall be provided to Mr. Adamson by May 25, 2001. The RRS shall address these comments and submit a revised template to the Committee for approval - **AI #25-5**.
- b. RR #36 (RR01-07) - Reliability Assessment** - Comments received from the Committee at the last meeting were incorporated into the revised template. Messrs. Adams and Haase raised concerns resulting in further revisions to the templates. Mr. Clayton entered a motion for Committee approval to post the reliability rule template, as modified by the Committee, for open process review in accordance with NYSRC Policy No. 1-2. The motion was seconded by Mr. Clagett and unanimously approved by the Committee (13 to 0). Mr. Adamson shall finalize the template and forward it to the Secretary who will post the template on the NYSRC web site and issue a notice to market participants - **AI #25-6**.
- c. RR #4 (RR01-08) - Definition of Bulk Power System** - Mr. Clayton summarized the discussions by the RRS on the need for a definition of the Bulk Power System (“BPS”) as it pertains to the NYSRC Reliability Rules, noting that the NYISO defines the “NYS Power System” and “NYS Transmission System,” but does not define BPS. The Committee assigned the RRS to develop a definition for the BPS for use in Revision No. 2, and provide a recommendation on what facilities the NYSRC Reliability Rules apply, assuming that they apply somewhere between the BPS, as defined by the New York Power Pool, and the NYS Power System, as defined by the NYISO - **AI #25-7**.

Mr. Clayton noted that the RRS has instructed the Installed Capacity Working Group (“ICWG”) to (1) 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 - continuation of **AI #22-5**; (2) determine whether a reliability rule is required if the NYISO implements a one-month installed capacity procurement period - continuation of **AI #14-8**; and (3) develop a schedule and work plan for the completion of the 2002-2003 Statewide Installed Reserve Margin (“IRM”) Study.

4.3 Other RRS Issues

- i. Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Messrs. Clayton and Muir noted that Mr. Sasson sent an e-mail to Mr. Adams and the Committee recommending that a letter be sent to the NYISO encouraging them to link their 2-7 day outlook to the unit commitment program to keep units on line that are needed for reliability, in order to meet the minimum down time requirements. The Committee agreed to have Mr. Sasson draft a letter to the NYISO and submit the draft letter to the Committee - **AI #25-8**.
- ii. NYSERDA/NYISO Gas Study** - The Committee discussed the NYS gas study being completed by NYSERDA and the NYISO, and requested Mr. Adams to contact NYSERDA regarding whether the NYSRC can participate in the study - **AI #25-9**.

5.0 Installed Capacity Working Group Status Report/Issues

5.1 ICWG Status Report & Discussion Items - Mr. Adamson reported on the activities of the Installed Capacity Working Group ("ICWG"). The ICWG had a conference call to discuss the action items assigned by the RRS (refer to Item 4.2 ii, above). Mr. Adamson noted that the ICWG is scheduled to complete the 2002-2003 Statewide IRM Study ("Study") for presentation to the Committee in December 2001, and that they are looking at the issue of forced outage rates. Regarding the Study, the ICWG feels that it should be able to have access to data used by the NYISO in completing the Study. Mr. Adams noted that he could agree to consultants viewing the data, as long as they sign a confidentiality agreement.

5.2 Installed Capacity Deficiency Auction - The Committee discussed the upcoming installed capacity deficiency auction and were informed that the NYISO bids in the auction for any Load Serving Entities ("LSE") who were unable to procure sufficient installed capacity. Mr. Adams noted that there was a lower level of participation by external installed capacity providers in the initial auction. The Committee also was informed that the NYISO's ability to meet the statewide IRM of 18% is dependent upon whether the NYPA generation comes on line as scheduled.

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 May 10, 2001.

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

- i. 2001 NYSRC Reliability Compliance Program - Responsibilities & Milestones** - Mr. Loehr noted that the Responsibilities & Milestones document will be issued monthly to the Committee, if there are changes since the previous report was issued. Mr. Loehr also noted that the RCMS has drafted Compliance Monitoring Assessment forms for all Local Reliability Rules ("LRR") except for LRR #2. The RCMS recommended that the Responsibilities & Milestones document be posted on the web site.

6.3 Other RCMS Issues

- i. **Non-Contracted For Operating Reserves** - Mr. Loehr reported that he and Mr. Adamson met with Messrs. Castle and Ravalli of the NYISO on May 8th regarding the non-contracted for operating reserve issue. Mr. Loehr reported that the NYISO sets the ten (10) minute reserve day-ahead at the rating of the largest generating unit (1200MW) and up to one-half of that amount can be non-synchronized. Thirty (30) minute reserve is set at one-half of the rating of the largest generating unit. The NYISO is purchasing the full 1800MW reserve, however, if a generating unit trips off line, the NYISO will use the most economic generation to replenish reserves, including non-contracted for units. It appears that the NYISO is in compliance with the NYSRC Reliability Rules. The issue is no longer a compliance issue, however, there may be an issue as to whether the Reliability Rule is adequate. The Committee Members were requested send any questions or comments on this issue to Mr. Loehr, who will schedule a follow-up meeting with the NYISO on this issue, along with the issue of NYISO Tariff and Agreement obligations by non-ICap providers during system emergencies (see Item 6.3 iii below) - **AI #25-10**.
- ii. **RCMS Review of the NYISO Locational ICAP Requirements Study** - Mr. Loehr reported that Mr. Adams responded to the RCMS' questions and comments on the study to the NYISO on April 13, 2001. Mr. Adams noted that the RCMS can attach the NYISO response to the RCMS meeting minutes.
- iii. **NYISO Review of Non-ICAP Provider Obligations Under Emergencies** - Mr. Loehr noted that no progress was made on the issue of NYISO Tariff and Agreement obligations by non-ICap providers during system emergencies. The issue will be discussed with the NYISO in conjunction with the issue raised in item 6.3 i above - continuation of **AI #23-7**.
- iv. **NYSRC Policy No. 2 - Openness Policy** - The Committee reviewed the draft NYSRC Policy No. 2-2. Mr. Loehr moved that the Committee approve the policy, which was seconded by Mr. Ellsworth, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue NYSRC Policy No. 2-2 and post the policy on the NYSRC web site - **AI #25-11**.
- v. **NYISO Major Emergencies** - Mr. Bolbrock requested the RCMS to review all NYISO Major Emergencies due to non-disturbance and determine what action is being taken to prevent a re-occurrence of a similar incident - **AI #25-12**.

7.0 NYISO Studies - Status Report - Mr. Adams reported to the Committee on the following NYISO studies:

7.1 NYISO Transmission Reliability Study - The study report is being reviewed by the NYISO.

7.2 NYISO Reactive Resource Adequacy Study - No report was provided.

7.3 Low Cost Transmission Upgrade Study - The NYISO completed and issued a report on this

study which is posted on the NYISO web site.

7.4 NYSERDA/NYISO Gas Study - Discussed under Item 4.3 ii above.

7.5 Other NYISO Studies

i. Con Edison Global Short Circuit Study - This study is being completed by Con Edison.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding - Mr. Gioia reported that the NYSRC comments on the March 8, 2001 FERC order in the Millennium Pipeline Company ("Millennium") Gas Pipeline Proceeding were filed using LIPA's Counsel on April 30, 2001.

8.2 Data Availability & Confidentiality - Mr. Bolbrock reported that no progress has been made and that he 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 - continuation of **AI #23-10**.

8.3 Reliability Legislation Update - Mr. Gioia reported that new emergency energy legislation has been introduced in Washington and that LLG&M will continue to monitor activities for any text regarding reliability.

8.4 NYISO Major Emergency Reports - The Secretary distributed copies of the NYISO Major Emergency Reports for incidents on April 27, May 4 and May 7, 2001, along with a summary of NYISO operations.

8.5 Role of NYSRC in NY State Energy Plan - The Committee discussed the need for the NYSRC to be involved in the development of the NY State Energy Plan. Mr. Bolbrock shall develop and circulate a plan for NYSRC participation - **AI #25-13**.

8.6 Summer 2001 - Market Participant Preparedness - An issue was raised regarding whether all Market Participants are adequately informed of their obligations regarding system emergencies, in preparation for Summer 2001. Messrs. Bolbrock and Cordeiro shall discuss the issue and report to the Committee - **AI #25-14**.

9.0 Visitor Comments

Mr. Bolbrock solicited comments from the visitors attending the meeting and participating by telephone. No comments were received.

10.0 Meeting Schedule

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>
#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. 25 was adjourned at 2:40 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: June 8, 2001