

**Minutes**  
**New York State Reliability Council (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 2 - June 16, 1999**  
**Northeast Power Coordinating Council Offices**  
**New York City, N.Y.**

**Members and Alternates:**

Richard J. Bolbrock	Long Island Power Authority
Timothy R. Bush	Wholesale Sector, Sithe Energies, Inc
John A. Casazza	Unaffiliated Member
William H. Clagett	Unaffiliated Member
Roger E. Clayton	Wholesale Sector, PG&E Generating (Alternate)
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation
H. Kenneth Haase	New York Power Authority
John Lombardi	Orange & Rockland Utilities, Inc.
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation
Robert Podlena	Rochester Gas & Electric Corporation
Larry Eng	Niagara Mohawk Power Corporation (Alternate)
Mayer Sasson	Consolidated Edison Co. of New York, Inc.
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)

**Others**

John P. Buechler	New York Independent System Operator (“NYISO”)
John M. Adams	NYISO (Alternate)
Paul L. Gioia *	LeBoeuf, Lamb , Greene & MacRae, LLP
Alice M. Stewart *	LeBoeuf, Lamb , Greene & MacRae, LLP
Keith O’Neal	New York Public Service Commission (“PSC”)
Howard A. Tarler *	New York Public Service Commission
Thomas L. Rudebusch *	Duncan, Weinberg, Genzer & Pembroke, PC

\* - Denotes in attendance only part time.

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

**1.0 Introduction**

**1.2 Executive Committee Officers**

Mr. Bolbrock requested an Executive Session of the NYSRC Executive Committee (“Committee”) to discuss the election of the Vice Chairman, since no candidate received the nine (9) votes required in the email voting process. Following the Executive Session, Chairman Bolbrock opened nominations for Vice Chairman of the Committee. Mr. Clagett was nominated by Mr. Eng, seconded by Mr. Bush and elected unanimously. This completes the selection

process for officers which resulted in the selection of Mr. Bolbrock as Chairman and Mr. Fleury as Secretary of the Committee.

The Committee agreed that the Committee Bylaws should define a process for addressing situations where an officer has not been selected after multiple rounds of voting have been completed, as well as certain other administrative type motions where the requisite number of votes to pass have not been received - **Action Item (“AI”) #2-1.**

### **1.3 Communications Issues (added to Agenda)**

Mr. Casazza requested that the Committee standardize the electronic transmittal of all documents to the Committee Members and Alternates. All future transmittals shall include a description of the document attached and what format the document is in. The Secretary will prepare all Minutes and Action Items Lists in Word 6.0 and send by email, and contact Mr. Gioia regarding documents being developed for the Committee. The Secretary will also update and maintain the Committee membership roster - **AI #2-2.**

### **1.4 Open Committee Meetings (added to Agenda)**

Mr. Bush requested further discussion of whether Committee meetings should be open to anyone who would like to observe, in a fashion similar to that adopted by NERC and NPCC. There was some discussion on how the NYISO Board meetings are open only to the Board Members and PSC and FERC representatives. Some of the NYISO Board Members have met with the Transition Team following the Board Meetings. The Committee agreed to continue with closed Committee Meetings until the NYSRC is formally established and bylaws have been finalized.

## **2.0 Approval of May 10, 1999 Minutes - Meeting No. 1**

Mr. Mennerich moved that the Minutes from the Meeting No. 1 be approved with minor revisions to Item 3.1, which was seconded by Mr. Casazza, and carried unanimously. The Secretary will modify the minutes to add page numbers, meeting number, final issue date, and denote action items assigned in the meeting - **AI #2-3.**

### **2.1 Action Items List**

Mr. Casazza requested that all action items from the meetings be tracked to completion. Mr. Fleury will develop a living Action Items List to capture all items from each of the meetings - **AI #2-4.** Action Items will be numbered by meeting number and item.

## **3.0 Organizational Issues**

### **3.1 Type of Corporation**

Mr. Gioia and Ms. Stuart summarized the two options for the type of corporation for the NYSRC, a Not-for-Profit Corporation and a Limited Liability Company, which was documented in a June 10, 1999 letter previously distributed to the Committee. Either form of corporation can be completed and in place within a few days. Mr. Gioia noted that FERC would not have to approve the form of corporation as long as there were no changes required to the documents already filed at FERC.

The Committee also discussed the issue of who would be the “Members” of the NYSRC; what are the tax implications; what are the potential liabilities of the Members; what are the set-up costs for the two options; how would membership on the Committee be handled when mergers between the Transmission Owners occurred or if more Transmission Owners enter NYS; and how would vacancies in one of the Unaffiliated positions be filled. All of these issues must be resolved and included in the NYSRC Bylaws.

The Committee agreed that a decision on the form of corporation for the NYSRC could not be made at this meeting, however, a decision must be made at the next Committee meeting. Mr. Gioia will prepare additional documentation on the form of corporation, tax implications, liability implications, the various options for NYSRC Members [including (1) only Transmission Owners as Members, and (2) any party can be a Member], and other issues noted above, along with drafts of an NYSRC Operating Agreement and Side Agreement, and issue to the Committee by July 1, 1999, for review prior to the next Committee meeting - **AI #2-5**.

### **3.2 NYSRC Bylaws**

Mr. Gioia reported that a draft set of NYSRC Bylaws will be included in the package of documents to be sent out to the Committee on July 1, 1999 - **AI #2-6**. Mr. Casazza raised a concern with the language in section 4.05 of the NYSRC Agreement regarding the requirements for a quorum and to pass a measure. In preparing the Bylaws, Mr. Gioia will review this language and clarify the voting requirements in the Bylaws.

### **3.3 Letters to FERC - Committee Membership & Meeting Dates**

The Committee briefly discussed notifying FERC of Committee Membership and meetings. These formal notifications were completed by Mr. Gioia in two separate June 10, 1999 letters. FERC noticed the Membership filing in a June 14, 1999 Notice of Filing, which was distributed to the Committee.

The Committee also discussed and agreed that the FERC Staff representative who will continue to receive all Committee Meeting information is Mr. Larry Anderson.

### **3.4 Legal Counsel**

The Committee discussed and agreed to follow the process used by the NYISO to select legal counsel for the NYSRC, and not prepare and issue a formal request for proposal. Mr. Buechler will send the documents used by the NYISO to the Secretary, who will distribute to the Committee for review. The Committee shall review and provide comments to the Secretary by July 15, 1999, who will consolidate all comments into a composite document for the next Committee meeting - **AI #2-7**.

### **3.5 Financial Issues**

#### **a. 1999 Budget**

Mr. Bolbrock noted that the Transition Steering Committee approved the NYSRC Budget of \$300,000 for the remainder of 1999, at its May 14, 1999 meeting. This amount will be included in the 1999 NYISO Transition Budget.

Mr. Casazza raised a concern noting that the Committee should carefully monitor our legal expenses since the total amount budgeted for both legal and consultant expenses was \$140,000. The Committee Bylaws should include provisions to address the handling of overexpenditures.

The Secretary will contact Mr. Gioia to obtain the legal costs to date and to establish a tracking procedure - **AI #2-8**.

#### **b. Treasurer**

The Committee, at the May 10<sup>th</sup> meeting, agreed to explore the need for a Treasurer. NYPP/NYISO Staff is currently tracking NYSRC expenditures and the Committee will keep the action item AI #1-4 on the Action Item List.

#### **c. Accounting Firm**

Mr. Loughney distributed and summarized the June 15, 1999 "Proposal for Accounting Services" submitted by Urbach Kahn & Werlin PC. The Committee shall review the proposal and provide comments to the Secretary by July 15, 1999, who will consolidate the comments and distribute for discussion at the next Committee meeting - **AI #2-9**.

#### **d. Funding Mechanism**

Mr. Bush and Mr. Mennerich shall prepare a document summarizing the various NYSRC funding mechanisms and provide a recommendation prior to August 11, 1999 Committee meeting - **AI #2-10**.

### **3.6 Insurance Requirements**

Mr. Buechler briefly reviewed the work completed by the NYISO regarding insurance, noting that the NYISO Board has contracted with Tillinghaust-Towers Perrin as an insurance consultant. The NYISO has obtained Director's and Officer's ("D&O") insurance. Mr. Buechler to provide a copy of NYISO insurance related documents to the Secretary for distribution to the Committee. Mr. Buechler shall also solicit a proposal from Tillinghaust-Towers Perrin for insurance consulting services for the NYSRC - **AI #2-11**.

### **3.7 NPCC Membership**

The Committee discussed the NYSRC's membership in NPCC. Mr. Edward A. Schwerdt, Executive Director of NPCC answered several questions regarding membership in NPCC and noted that the NYSRC would be represented on the Executive Committee of NPCC, along with the NYISO, in the "Transmission Provider" membership classification. The NYSRC and NYISO representatives would replace the two current NYPP Member System representatives upon implementation of the NYISO and NYSRC. For the remainder of 1999, the membership fee for the NYSRC would be approximately \$12,000. For 2000, the membership fee would be approximately \$5,000. The NYSRC and NYISO will each have one vote on the NPCC Executive Committee. The NYSRC will also have a member representative and alternate on the Reliability Coordinating Council ("RCC") of NPCC.

The Committee agreed that, at least initially, the NYSRC representative on the NPCC Executive Committee will be the Chairman, Mr. Bolbrock, and that the Vice Chairman, Mr. Clagett, serve as Alternate.

The Secretary will obtain the application for membership in the NPCC and work with Mr. Bolbrock to complete the application and submit it prior to September 1, 1999 - **AI #2-12**.

## **4.0 Reliability Rules Subcommittee**

### **4.1 Subcommittee Members**

The Committee discussed the membership of the Reliability Rules Subcommittee ("RRS") and agreed that the Committee members will submit names to the Chairman of the RRS, to be determined, by June 25<sup>th</sup> - **AI #2-13**. The Chairman will then set meeting dates and an agenda for the RRS meetings. The Committee agreed that Mr. Adamson shall be a consultant on the RRS. The PSC, NYISO, and FERC shall also have observers on the RRS.

### **4.2 Draft Scope**

The Committee discussed the draft scope of the RRS and agreed to provide comments on the draft scope to the Mr. Raymond of Ad Hoc Working Group by June 25th, who shall incorporate

the comments into another draft to be issued to the Committee prior to the next Committee meeting - **AI #2-14**. The scope shall include that the RRS will work on a consensus basis, issuing separate minority reports if needed.

The Committee considered a request by Mr. Casazza to create another subcommittee under the Committee to address the issue of installed capacity requirements. The Committee agreed that this issue should be handled by a working group of the RRS. See further discussion under item 6.0 below.

The Committee also agreed that the RRS shall review reliability trending information collected by the Compliance Monitoring Subcommittee.

### **4.3 Reliability Rules**

The Committee received during the meeting a copy of the draft “NYSRC Reliability Rules for Planning and Operating the New York Bulk Power System,” dated June 11, 1999. The Secretary will contact Mr. Gioia to determine whether this document, when finalized, must be filed with FERC and/or posted on the Open Access Same-Time Information System (“OASIS”) - **AI #2-15**. The RRS Chairman shall schedule a meeting with the NYPP Operating Committee and ISO/PE Working Group representatives involved in the preparation of this document to discuss the proposed reliability rules - **AI #2-16**.

## **5.0 Compliance Monitoring Subcommittee**

### **5.1 Subcommittee Members**

The Committee discussed the membership of the Compliance Monitoring Subcommittee (“CMS”) and agreed that the Committee members will submit names to the Chairman of the CMS, to be determined, by June 25<sup>th</sup> - **AI #2-17**. The Chairman will then set meeting dates and an agenda for the CMS meetings. The Committee agreed that Mr. Adamson shall be a consultant on the CMS.

### **5.2 Draft Scope**

The Committee discussed the draft scope of the CMS and agreed to provide comments on the draft scope to the Mr. Raymond of Ad Hoc Working Group by June 25<sup>th</sup>, who shall incorporate the comments into another draft to be issued to the Committee prior to the next Committee meeting - **AI #2-18**. The scope shall include that the CMS will work on a consensus basis, issuing separate minority reports if needed.

## **6.0 Installed Capacity Requirements**

The Secretary distributed and summarized the document titled, "Installed Capacity Requirements," dated June 15, 1999.

As noted above, the Committee agreed that a working group under the RRS shall be formed to address installed capacity/reserve requirements, including the review of the latest NYPP study documented in the "NYPP Triennial Review of Resource Adequacy" report dated April 1999. Mr. Casazza shall submit questions on this report to Mr. Adams at the NYPP, copying the Committee - **AI #2-19**. The working group under the RRS shall also review the need for updating the 1996 study, which is the basis for the April 1999 Report, with respect to the initial installed capacity auction to be completed prior to the Summer 2000 Capability Period. In addition, the availability of fuel and proposed retirements of existing generating plants need to be closely monitored.

## 7.0 Meeting Schedule

The date for the September meeting was set. The following are the currently approved dates for future meetings of the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#3 9:30AM	July 21	NYPP Power Control Center, Guilderland	
#4	Aug. 11	NPCC Offices, New York City	10 AM
#5	Sept. 10	NYPP Power Control Center, Guilderland	9:30AM

The Secretary will contact Mr. Gioia regarding the requirements for notifying the FERC about future meetings - **AI #2-20**.

The Committee Meeting No. 2 was adjourned at 3:20 PM.

Completed By: Joseph C. Fleury - Secretary