

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 33 - January 11, 2002
NYISO Power Control Center - Guilderland, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) – by phone
Curt Dahl	LIPA
William H. Clagett	Unaffiliated Member - Chairman
Roger E. Clayton	Wholesale Seller’s Sector; PG&E National Energy Group
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc
Bruce B. Ellsworth	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
Ralph Rufrano	New York Power Authority (“NYPA”)–Alternate-by phone
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)–by phone
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Large Consumer’s Sector; Couch, White, LLP - Alternate
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
Herbert Schrayshuen	Niagara Mohawk Power Corp.(“NMPC”) – Alternate
Ed Thompson	Consolidated Edison Co. of N.Y.–(for M. Sasson)-by phone

Others

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

Visitors - Open Session

Erin P. Hogan, P.E.	NYSERDA – Energy Analysis *
Paul DeCotis	NYSERDA *
Jeffrey C. Ellis	Edison Mission Marketing & Trading *
James King	Couch, White, LLP – for Mirant – by phone
Robert Stein	AN Power – by phone

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

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session – No Executive Session was held.

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) participated in person or by telephone.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda and no new items were added.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 32 (December 14, 2001) – After brief discussion by the Committee, Mr. Mennerich moved that the Committee approve the Revised Draft Minutes for Meeting No. 32, which was seconded by Mr. Loehr, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall issue the final minutes for Meeting No. 32 and post them on the NYSRC web site - **AI #33-1**.

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 December 2001 Summary of Receipts and Disbursements, noting that as of December 31, 2001, the NYSRC had a cash balance of approximately \$99,000. Mr. Adamson’s noted that no invoices were received for legal expenses for November and December 2001, therefore, these 2001 expenses will be processed in 2002. Mr. Adamson also noted that four (4) Members have submitted payments totaling \$80,000 in response to the Call for Funds to collect the 2002 annual membership fee and the first quarter assessment.
- ii. 2001 NYSRC Financial Audit** – Mr. Adamson reported that Urbach Kahn & Werlin, PC (“UK&W”) is scheduled to begin the 2001 NYSRC financial audit in late January, with a final report scheduled to be issued in March 2002.
- iii. NYSRC Tax-Exempt Status** – Mr. Gioia reported that the IRS submitted questions on the NYSRC’s request for tax-exempt status and a response will be prepared and sent to the IRS.

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 January 3, 2002. The main topics of discussion during the meeting were: (1) Revision No. 2 to the NYSRC Reliability Rules; and (2) the proposed revisions to Local Reliability Rules No. 3 & 5. The next RRS meeting is scheduled for on January 31, 2002.

4.2 Status of New/Revised Reliability Rules

- i. Proposed NYSRC Reliability Rule Revisions**
 - a. List of Potential Reliability Rule Changes** - Mr. Clayton reviewed the latest List of Potential Reliability Rule Changes, providing a status of the Priority 1 rules and noting that the RRS is reviewing Priority 2 rules.
 - b. Status of New/Revised Reliability Rules** – Mr. Clayton reported that, as a result of the

Committee's direction at the last meeting, Messrs. Adamson, Clayton and Gioia met to discuss and address the comments submitted by the Independent Power Producers of New York ("IPPNY") and NYSEG on Proposed Reliability Rules ("PRR") #45 & 45A (RR01-17 & 18), dealing with Local Reliability Rules ("LRR") No. 3 & 5. The comments received included: (1) that specificity is being moved to the process; (2) there must be a demonstration of a need for the proposed rule changes; (3) there is a lack of specific reliability criterion; and (4) is there a need to wait for the results of the NYSERDA/NYISO Gas Study. In response to these issues, a new PRR #47 was drafted, discussed and approved by the RRS, in consultation with IPPNY, NYSEG and other parties, to replace PRRs #45 & 45A. PRR #47 states the criterion that, "the NYS bulk power system shall be operated so that the loss of a single gas facility does not result in the loss of firm load within the New York City or Long Island zones." Mr. Stein expressed a concern with the term "single gas facility," however, after discussion by the Committee, it was agreed that this terminology is acceptable. Based on the discussions on the NYSERDA/NYISO Gas Study during the NYSERDA presentation of the Draft NY State Energy Plan (see Item 8.3), the Committee agreed that it was not necessary to wait for the results of the gas study. Mr. Loughney moved that the Committee approve PRR #47 for posting on the NYSRC web site for the open review process, which was seconded by Mr. Ellsworth and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #47 on the web site and issue a notice on the NYISO TIE Server – **AI #33-2**.

- ii. **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 ("Revision No. 2"), noting that a revised draft dated January 3, 2002 was submitted to the Committee for approval. The latest draft incorporated comments received from Mr. Gioia and the Committee. Mr. Clayton noted that the draft includes the original Local Reliability Rules No. 3 & 5 since the proposed revisions have not been approved by the Committee (see 4.2 i. b. above).

Mr. Schrayshuen raised a concern with the definition of NYS Bulk Power System ("BPS"), noting that the proposed definition is not consistent with the NPCC definition since the proposed definition references a generation megawatt value and a voltage level for facilities on the BPS list. Mr. Schrayshuen submitted a motion to the Committee to approve Revision No. 2 subject to the requirement that the NYISO must submit the process for developing the list of BPS facilities to the NYSRC for review and approval. The motion was seconded by Mr. Loehr and after considerable discussion by the Committee, was rejected by a vote of 12 to 1. Mr. Bolbrock moved that the Committee approve the draft Revision No. 2 dated January 3, 2002, with the revisions to the introduction of Section A on Resource Adequacy, along with the Glossary, regarding the use of the term "installed capacity requirement". This motion was seconded by Mr. Ellsworth and approved by the Committee by a vote of 12 to 1. Mr. Adamson shall incorporate the modifications approved by the Committee and issue the final Revision No. 2 – **AI #33-3**. Mr. Clayton and the Committee recognized the work of Mr. Adamson and Ms. Cross in preparing Revision No. 2.

Mr. Schrayshuen submitted a motion proposing that the Committee direct the RRS to develop a new measurement requiring the NYISO to submit the process for developing the list of BPS facilities to the NYSRC for review. The motion was seconded by Mr. Loehr and after discussion by the Committee, was approved by a vote of 9 to 4. The RRS shall develop and submit the new measurement to the Committee – **AI #33-4**.

- a. **Requests for Exceptions to NYSRC Reliability Rules (“Exceptions”)** - Mr. Clayton reported that the RRS discussed the need for a new NYSRC policy to address Exceptions, and agreed that the existing NYSRC Policy No. 1 addresses Exceptions adequately. A draft letter to the NYISO on this issue was discussed by the Committee and it was agreed that no letter was required. Mr. Adams noted that a motion will be introduced at the next NYISO Operating Committee that will include the requirement to send Exceptions to the NYSRC for final approval, once they are approved within the NYISO Operating Committee. Mr. Adams agreed to include a reference to the NYSRC Policy No. 1 in the motion.
- b. **Summary of Existing Conditions for Operating States of the NYS Bulk Power System** – Mr. Clayton noted that the RRS agreed that the NYSRC has jurisdiction over the definition of operating states for the NYS bulk power system. Mr. Adams also noted that the NYISO agrees that any revisions to the definitions of the operating states must be approved by the NYSRC. The Committee agreed that no letter to the NYISO was required on this issue.

5.0 Installed Capacity Working Group Status Report/Issues

5.1 ICWG Status Report & Discussion Items – Mr. Dahl reported on the activities of the Installed Capacity Working Group (“ICWG”). The ICWG’s main focus has been the completion of the 2002-2003 Statewide IRM Study (“2002 IRM Study”).

- i. **2002 IRM Study** – The Secretary reported that the 2002 IRM Study Report was finalized, posted on the NYSRC web site, and sent to the NYISO under a transmittal letter dated December 20, 2001.
 - a. **Draft Press Release** - Mr. Loehr summarized the status of the draft Press Release regarding the 2002 IRM Study. After discussion by the Committee, Mr. Loughney moved that the Committee approved the Press Release as modified by the Committee, which was seconded by Mr. Mennerich and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). Mr. Loehr shall finalize the Press Release and forward to the Secretary for posting **AI #33-5**.
 - b. **Draft FERC Filing Letter** – Mr. Gioia reported that a draft transmittal letter was prepared to submit the 2002 IRM Study Report to FERC for informational purposes only. Since there was no change in IRM, FERC does not have to approve the filing. Mr. Clayton moved that the draft filing letter be approved by the Committee, which was seconded by Mr. Ellsworth, and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). Mr. Gioia shall submit the transmittal letter and 2002 IRM Study Report to FERC – **AI #33-6**.

- ii. **Deliverability Issues Study** – Mr. Dahl reported that the ICWG and NYISO are scheduled to start the Deliverability Issues Study by the end of February.
- iii. **Other** – In response to Mr. Bolbrock’s recommendation that the ICWG, RRS, and Committee consider revising the assumptions for the next study to include a reliability criteria of one (1) day in 15 or 20 years, and no voltage reduction implementations, Mr. Adamson noted that sensitivity analyses were completed for these assumption changes during the 2001 IRM Study. After discussion by the Committee, the ICWG was directed to investigate what criterion is being used in other areas and if any areas are assessing whether to change the criterion - **AI #33-7**.

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”) last met on January 10, 2002. Mr. Loehr briefly summarized some of the RCMS discussion topics. The next RCMS meeting is scheduled for February 7, 2002.

6.2 Status of NYSRC Reliability Compliance Program (“NYRCP”)

- i. **2001 NYRCP Responsibilities & Milestones** - Mr. Adamson briefly summarized the latest Responsibilities & Milestones document dated January 10, 2002, indicating the completion of all 2001 assessments.
- ii. **2001 NYRCP Assessments** - No new Compliance Monitoring Assessment Forms were issued to the Committee by the RCMS. Mr. Loehr reported on the assessments associated with the locational ICAP deficiencies, Transmission Owner Restoration Plans, and the collection of generator availability data. The RCMS will be reviewing the NYISO’s preliminary report on the October UPS failure and determine whether a new reliability rule is required.
- iii. **Status of NYRCP Compliance Templates** – Messrs. Loehr and Adamson reported that the RCMS is currently preparing Compliance Templates and are scheduled to provide a complete set of Compliance Templates to the Committee for review and approval in April 2002.
- iv. **2002 NYRCP Proposed Assessments** – Mr. Ellsworth moved that the Committee approve the draft 2002 NYRCP Assessments, which was seconded by Mr. Fleury and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). The RCMS will be adding due dates and compliance documentation requirements for all 2002 assessments.

6.3 Other RCMS Issues

- i. **NYISO Review of Non-ICAP Provider Obligations Under Emergencies** - Mr. Adams distributed a January 11, 2002 letter from the NYISO Counsel Hunton & Williams to the NYISO reporting the results of their review of whether the NYISO Tariffs and Agreements stipulate any obligations by non-ICAP providers during system emergencies. The letter stated that in a Major Emergency State, the NYISO has the authority to call on all generators to operate, including non-ICAP generators that have not supplied bids or schedules to the NYISO. Any questions on this letter shall be submitted to Mr. Adams.

- ii. **Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Mr. Loehr reported that the RCMS has agreed to suspend activities on this issue under **AI #29-9**.
- iii. **RCMS Audit of Documentation During Assessments** – Nothing new was reported on the issue of the RCMS’ possible requirement to audit confidential information submitted by parties to verify compliance with NYSRC Reliability Rules/Measurements.

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

7.1 NYISO Transmission Reliability Study – Nothing new to report.

7.2 NYISO Reactive Resource Adequacy Study – Nothing new to report.

7.3 NYSERDA/NYISO Gas Study - The NYSERDA/NYISO Gas Study was discussed during the presentation on the NY State Energy Plan (see Item 8.3 below). Mr. DeCotis noted that members of the RRS or Committee could attend future gas study working group meetings. Mr. DeCotis will contact Mr. Clayton with the meeting schedule.

7.4 Other Studies – Mr. Adams reported that the NPCC CP-10 working group is looking at transmission bottlenecks through a study period ending 2006. The working group is scheduled to meet in late January. Mr. Adams also noted that the NYISO will be looking at transmission upgrades to relieve constraints in NYS and will complete a cost-benefit analysis.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding – FERC issued an order in the Millennium Pipeline Company (“Millennium”) Gas Pipeline Proceeding on December 19, 2001, approving their application. FERC also issued orders to Con Edison and KeySpan Energy to provide information to the City of Mount Vernon so they can investigate other routing options.

8.2 Reliability Legislation Update – Nothing new to report.

8.3 NY State Energy Plan – Mr. Paul DeCotis and Ms. Erin Hogan of NYSERDA presented a summary of the Draft NY State Energy Plan. Copies of the Draft Plan were distributed to the Committee, along with presentation slides and schedule for public hearings being conducted. Additional copies of the Draft Plan are available by contacting Ms. Hogan at telephone 518-862-1090, extension 3246 or by email at eph@nyserda.org. Comments on the Draft Plan are due March 15, 2002. The Committee agreed to file comments on the Draft Plan. The Committee shall review the Draft Plan and submit comments by January 29, 2002 to Mr. Loehr, who will coordinate the NYSRC comments – **AI #33-8**.

8.4 NYISO Operations Report - The Secretary distributed the NYISO operations report with a

comparison of 2000/2001 operating information.

8.5 FERC ANOPR on Generator Interconnections – Mr. Clayton reported on the status of the activities being completed for FERC’s Advanced Notice of Proposed Rulemaking (“ANOPR”) proposing a standard generation interconnection agreement and procedures. FERC granted an extension until January 11, 2002, for the parties to file a consensus document. Meetings are scheduled for January 17 & 18 to discuss and clarify the consensus document.

8.6 NYSEG/RG&E Merger – Mr. Clagett noted that a search committee will be appointed at the next Committee meeting to select an Unaffiliated Member to fill the Transmission Owner Member position on the Committee that will be vacated when the NYSEG/RG&E merger is finalized, which is scheduled for the end of the first quarter of 2002. The Committee briefly discussed the addition of a new Affiliated Member instead of an Unaffiliated Member.

9.0 Visitor Comments

Mr. Clagett solicited comments from the visitors participating in the meeting. No comments were provided in addition to those noted above.

10.0 Meeting Schedule

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#34	Feb. 8	Albany Country Club, Voorheesville, NY	9:30 A.M.
#35	Mar. 8	Albany Country Club, Voorheesville, NY	9:30 A.M.
#36	Apr. 11	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 33 was adjourned at 3:00 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: February 8, 2002