

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 35 - March 8, 2002
Albany Country Club - Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
William H. Clagett	Unaffiliated Member - Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; 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”) – Vice Chairman
C. deGraffenreid	NYPA – by phone *
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)–by phone
Michael P. Hogan	Central Hudson Gas & Electric Corporation (“CHG&E”) – Alternate (for K.A. Mennerich)
George C. Loehr	Unaffiliated Member
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP - Alternate
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate *

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 *
Jeff Gerber	NYSERDA *
William H. Babcock	Charles River Associates *
Timothy P. Duffy	NYISO *
Denise M. Nelson	Navigant Consulting *

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

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was held after the Open Session to discuss the NYISO/NE-ISO Agreement and security issues.

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Eleven (11) 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 added items under Organizational Issues. The Agenda was approved unanimously by the Committee.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 34 (February 8, 2002) – After brief discussion by the Committee, Mr. Ellsworth moved that the Committee approve the Revised Draft Minutes for Meeting No. 34, which was seconded by Mr. Bolbrock, and approved unanimously by the Committee Members in attendance (9 to 0, 4 absent). The Secretary shall issue the final minutes for Meeting No. 34 and post them on the NYSRC web site - **AI #35-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List and discussed the status of the older action items. Other 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 February 2002 Summary of Receipts and Disbursements, noting that as of February 28, 2001, the NYSRC had a cash balance of approximately \$223,000. Mr. Adamson’s noted that all ten (10) Members have submitted payments totaling \$190,000 in response to the Call for Funds to collect the 2002 annual membership fee and the first quarter assessment. Mr. Adamson recommended that a Call for Funds be approved for \$15,000 from each of the seven (7) Transmission Owners to cover 2nd quarter NYSRC expenses. Mr. Bolbrock moved that the Committee authorize the Call for Funds, which was seconded by Mr. Haase and approved unanimously by the Committee Members in attendance (10 to 0, 3 absent). Mr. Adamson shall issue the Call for Funds – **AI #35-2**.

3.2 2001 NYSRC Financial Audit – Mr. Adamson distributed the 2001 NYSRC Financial Report completed by Urbach Kahn & Werlin, PC (“UK&W”). The Committee shall review the Financial Report and be prepared to vote on acceptance of the document at the next Committee meeting – **AI #35-3**.

3.3 Other Issues

- i. Travel Expenses-Mileage Reimbursement Rate** – Mr. Ellsworth noted that the IRS has increased the mileage reimbursement rate from \$0.345 to \$0.365/mile. Mr. Ellsworth moved that the Committee increase the mileage reimbursement rate for NYSRC travel expenses to \$0.365/mile, retroactive to January 1, 2002, which was seconded by Mr.

Bolbrock and unanimously approved by the Committee Members in attendance (10 to 0, 3 absent). Mr. Bolbrock moved that NYSRC Policy No. 3 be amended to state that the IRS approved mileage reimbursement rate be used, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (10 to 0, 3 absent). The Secretary shall revise NYSRC Policy No. 3 and submit to the Committee for approval – **AI #35-4**.

- ii. **NYSRC Insurance Policies** – Mr. Gioia noted that insurance consultant Marsh, USA recommended extending the General Liability coverage from the March 6, 2002 expiration date to June 15, 2002. The current rate would be applied to this extension at a cost of \$1,343. The Committee agreed to the extension. Regarding the Directors and Officers (“D&O”) Liability policy, AEGIS will renew the policy from March 6, 2002 to March 6, 2003 at a premium amount of \$24,561 plus tax (\$25,543 total), which is a 25% increase. Mr. Gioia noted that Marsh USA investigated other insurance carriers for this coverage, with AEGIS’ premium being the lowest amount. The Committee agreed to renewal of the AEGIS policy. Mr. Gioia will have Marsh start looking at the renewal premium for the Excess Liability coverage, which expires on June 15, 2002 - **AI #35-5**.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items - Mr. Adamson reported that the Reliability Rules Subcommittee (“RRS”) last met on February 28, 2002. The main topics of discussion during the meeting included new reliability rule proposals, exceptions to reliability rules, 2002 assignments to the Installed Capacity Working Group and the process for reviewing revisions to NERC/NPCC standards. The next RRS meeting is scheduled for on April 4, 2002.

4.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rule Revisions

- a. **List of Potential Reliability Rule Changes** - Mr. Adamson reviewed the latest List of Potential Reliability Rule Changes.
- b. **Status of New/Revised Reliability Rules** – Mr. Adamson reported on the following Proposed Reliability Rules (“PRR”):
 1. PRR#47: Revision to Local Reliability Rules (“LRR”) No. 3 & 5 – Posted on NYSRC web site for comments which were due on March 1, 2002. Comments were received from Mr. Clayton, Mr. Sasson and IPPNY. Mr. Gioia discussed the issues raised by IPPNY and Mr. Adamson and the RRS will be reviewing the comments received at their next meeting. A final template will be sent to the Committee for the next meeting.
 2. PRR#48: Bulk Power System Facilities – The RRS is drafting a new reliability rule to require a list of bulk power facilities, including a measurement requiring the NYISO to submit the process for developing the list to the NYSRC for review. The RRS will send the template to the Committee for discussion at the next meeting – continuation of **AI #33-4**.
 3. PRR#49: Modification to Exception No. 19 to the Reliability Rules – A draft template revising Exception No. 19 to the Reliability Rules, which was approved by the NYISO

Operating Committee, was discussed and approved by the Committee for posting on the web site for comments.

4. PRR#50: Distribution of Generator Testing Results - The RRS reviewed and submitted for the Committee's consideration, a new reliability rule proposed by Con Edison for implementation on an expedited basis that would require generator megawatt and mega-Var capabilities be provided to Transmission Owners who are responsible for the reliable operation of their systems. Mr. Adams noted that the NYISO is in agreement with Con Edison on the need to provide this generator information to the Transmission Owners. NYISO Counsel is investigating the issue to determine how the information can be provided. Mr. Sasson noted that this information should be made available prior to the summer peak (by early May). After discussion by the Committee, Mr. Sasson moved that the Committee direct the RRS to develop and finalize a new Reliability Rule for consideration by the Committee at the next meeting and determine whether it is necessary to implement the new rule on an expedited or emergency basis – **AI #35-6**. The Committee will act on the new rule at the April 11th meeting, pending the outcome of the NYISO Counsel findings, to be reported on by Mr. Adams. The motion was seconded by Mr. Haase and unanimously approved by the Committee Members in attendance (10 to 0, 3 absent).

- ii. **Revision No. 2 to NYSRC Reliability Rules** – Mr. Gioia reported that Revision No. 2 to the NYSRC Reliability Rules (“Revision No. 2”) was filed at FERC for information only on February 14, 2002. Copies were also sent to the PSC, NPCC & NERC.

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 last met on March 4, 2002.

- i. **Deliverability Issues Study** – Mr. Adamson reported that the ICWG and NYISO are scheduled to complete Step 1 of the Deliverability Issues Study by the end of April, followed by Steps 2 and 3, and the completion of the report in June. Mr. Sasson raised the issue of whether there is a need for sub-locational installed capacity requirements for load pockets. Mr. Sasson was instructed to send a request to the ICWG summarizing the issue – **AI #35-7**.
- ii. **IRM Study Criterion in Other Areas** – Mr. Adamson reported that the ICWG will be contacting the other nine (9) NERC regions regarding the criterion each uses to determine IRM requirements – continuation of **AI #33-7**.
- iii. **ICWG 2002 Assignments** - Mr. Adamson reported that RRS finalized the list of ICWG's 2002 assignments and forwarded them to the ICWG.

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 March 7, 2002. Mr. Loehr briefly summarized

some of the RCMS discussion topics, including the review of the NYISO's preliminary report on the UPS failure and the final report by the NYISO on locational installed capacity requirements. The next RCMS meeting is scheduled for April 3, 2002 at NPCC in New York City (change in date and location). The RCMS meeting in September may also be rescheduled to coincide with the NPCC general meeting to be held in Albany.

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

- i. 2002 NYRCP Responsibilities & Milestones (“Scorecard”)** - Mr. Loehr briefly summarized the 2002 Responsibilities & Milestones document, which includes scheduled completion dates for all assessments.
- ii. 2001 NYRCP Summary Report** - Mr. Loehr briefly summarized the 2001 Reliability Compliance Program Results document distributed to the Committee.
- iii. Status of NYRCP Compliance Templates** – Messrs. Loehr and Adamson reported that the RCMS is finalizing the NYSRC Compliance Templates Manual, which will be sent to the Committee for review and discussion at the next meeting. Once approved by the Committee, the manual will be posted on the web site for comments.

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 is currently in the approval process within NPCC and is on the agenda for the March 13, 2002 NPCC Reliability Coordinating Committee (“RCC”) meeting. Mr. Adams also noted that the Annual Transmission Baseline Assessment (“ATBA”) and Annual Transmission Reliability Assessment (“ATRA”) studies are scheduled to be finalized this week.

7.2 NYISO Reactive Resource Adequacy Study – Mr. Adams reported that a revised scope for the study, which includes additional work to be completed by the NYISO Operations Engineering group, is scheduled for review by the NYISO Operating Committee.

7.3 NYSERDA/NYISO Gas Study – Mr. Babcock of Charles River Associates and Mr. Gerber of NYSERDA made a presentation to the Committee on the status of the NYSERDA/NYISO Gas Study, which is scheduled for completion in May 2002. Presentation slides were distributed to the Committee. The Committee discussed the concern that the scope of the study is limited to looking at the gas system up to the city gates/take stations, and does not look beyond these points to the generators. Messrs. Babcock and Gerber will raise the NYSRC's concern at future working group meetings.

7.4 Other Studies – Mr. Adams reported that the NYISO completed the study requested by the Governor's Office assessing the reliability and economic impacts of shutting down Indian Point 2 and 3 Nuclear Plants. Mr. Adamson noted that he reviewed the study results which showed that, without the Indian Point units, there would be insufficient capacity to meet the once in ten (10) year

criteria, due to transmission constraints across the Total East interface. Mr. Adams also reported on the NPCC CP-8 study for Summer 2002. There is a concern regarding the impacts of the drought conditions on both hydroelectric generation, as well as on combustion turbines with water injection.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding – The Secretary reported that the FERC granted an extension in the Millennium Pipeline Company (“Millennium”) Gas Pipeline Proceeding, for Millennium to complete its negotiations with the City of Mount Vernon on the routing of the pipeline to the interconnection with Con Edison.

8.2 Reliability Legislation Update – Mr. Gioia reported that there has been very little activity on the energy bills in Congress due to the focus of the House and Senate energy subcommittees on the Enron issue.

8.3 NY State Energy Plan – The Committee reviewed the draft NYSRC comments on the Draft NY State Energy Plan, which are due March 15, 2002. The Committee agreed to add a cover letter and introductory paragraphs. Mr. Sasson moved that the Committee approve the comments with the proposed modifications, which was seconded by Mr. Haase and unanimously approved by the Committee Members in attendance (11 to 0, 2 absent). Mr. Gioia shall finalize the NYSRC comments and submit them by March 15, 2002 – **AI #35-8**.

8.4 NYISO Operations Report - The Secretary distributed the NYISO operations report with a comparison of 2000-2002 operating information.

8.5 FERC ANOPR on Generator Interconnections – No report was given 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.

8.6 NPCC Executive Committee Meeting – Mr. Bolbrock reported on topics discussed at the February 12, 2002 NPCC Executive Committee meeting.

9.0 Visitor Comments

Mr. Clagett solicited comments from the visitors participating in the meeting. No comments were provided.

10.0 Meeting Schedule

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#36	Apr. 11	Albany Country Club, Voorheesville, NY	9:30 A.M.
#37	May 10	Albany Country Club, Voorheesville, NY	9:30 A.M.
#38	June 14	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 35 was adjourned at 2:55 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: April 11, 2002