

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 36 – April 11, 2002
Albany Country Club - Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
William H. Clagett	Unaffiliated Member - Chairman
Roger E. Clayton	Wholesale Seller’s Sector; PG&E National Energy Group
Bruce B. Ellsworth	Unaffiliated Member
Larry Eng	National Grid, USA
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”) – Vice Chairman
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)–by phone
George C. Loehr	Unaffiliated Member
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP - Alternate
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
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

Doug VanBrundt	Entergy – by phone *
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“*” - 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 proposed Northeast Regional Transmission Organization (“NE RTO”).

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Twelve (12) 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 Agenda Item 8. The Agenda was approved unanimously by the Committee.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 35 (March 8, 2002) – After brief discussion by the Committee, Mr. Haase moved that the Committee approve the Revised Draft Minutes for Meeting No. 35, which was seconded by Mr. Ellsworth, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall issue the final minutes for Meeting No. 35 and post them on the NYSRC web site - **AI #36-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List and discussed the items under their respective Agenda Items below.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report – Mr. Adamson presented the Treasurer's Report.

- i. Summary of Receipts & Disbursements** – Mr. Adamson presented the March 2002 Summary of Receipts and Disbursements, noting that as of April 2, 2002, the NYSRC had a cash balance of approximately \$243,000. Mr. Adamson's noted that six (6) of the Transmission Owner Members have submitted payments in response to the Call for Funds to collect the second quarter assessment.
- ii. 2001 NYSRC Financial Audit** – After a brief discussion, Mr. Mennerich moved that the Committee approve the 2001 NYSRC Financial Report completed by Urbach Kahn & Werlin, PC ("UK&W"). The motion was seconded by Mr. Clayton and unanimously approved by the Committee Members in attendance (11 to 0, 2 absent).

3.2 NYSRC Policy No. 3-3 – The Committee discussed the draft NYSRC Policy No. 3-3. In addition to the text regarding the mileage reimbursement rate for travel expenses, the Committee added a clause requiring the Committee Vice Chairperson to review and approve expense reports submitted by the Chairperson, when the Chairperson is an Unaffiliated Member. Mr. Ellsworth moved that the Committee approve the draft Policy No. 3-3 as modified, which was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall finalize NYSRC Policy No. 3-3 and post the document on the NYSRC web site – **AI #36-2**.

3.3 NYSRC Insurance Coverage – Mr. Gioia reported that the renewal applications for the NYSRC's Excess Liability and Professional Liability insurance coverage were reviewed and submitted to Mr. Clagett for signature. Mr. Gioia also noted that insurance consultant Marsh, USA has indicated that the renewal cost for this coverage is expected to be significantly higher. Mr. Gioia shall inform the Committee of the renewal cost upon receipt.

3.4 Selection Committee – 4th Unaffiliated Member – Mr. Mager distributed a letter from Mr. Loughney dated April 11, 2002, regarding the selection process and candidates for the 4th Unaffiliated Member position that will be created upon the closing of the proposed

NYSEG/RG&E merger. The Committee shall submit names of additional potential candidates to Mr. Loughney – **AI #36-3**.

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 April 4, 2002. The main topics of discussion during the meeting included new reliability rule proposals and the draft NYSRC Policy No. 1-3. The next RRS meeting is scheduled for May 2, 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 noting that the Priority column has been removed.
- b. Status of New/Revised Reliability Rules** – Mr. Clayton reported on the following Proposed Reliability Rules (“PRR”):
 - 1. PRR#47 (RR02-01): Revision to Local Reliability Rules (“LRR”) No. 3 & 5** – Mr. Clayton noted that the RRS reviewed comments submitted by IPPNY and determined that the comments addressed the application of the LRRs and are outside of the NYSRC’s jurisdiction. Mr. Clayton moved that the Committee grant final approval of PRR #47, which was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). Mr. Adamson shall revise Revision No. 2 of the NYSRC Reliability Rules to incorporate PRR #47 and forward the document to the Secretary. The Secretary shall post the document on the web site and issue a notice to the Market Participants regarding the approval of PRR #47 – **AI #36-4**.
 - 2. PRR#48 (RR02-04): List of Bulk Power System Facilities** – Mr. Clayton moved that the Committee approve for posting on the web site for comments, the proposed reliability rule requiring the NYISO to develop and maintain a list of NYS Bulk Power Facilities. The motion was seconded by Mr. Mennerich and unanimously approved by the Committee Members in attendance (10 to 0, 3 absent). The Secretary shall post PRR #48 on the web site and issue a notice to Market Participants – **AI #36-5**.
 - 3. PRR#49 (RR02-02): Modification to Exception No. 19 (Allowing loading above STE on Eastview Transformer for loss of feeder Y94 or W79) to the Reliability Rules** – Mr. Clayton noted that the draft template revising Exception No. 19 to the Reliability Rules is currently posted on the web site, with comments due April 29.
 - 4. PRR#50 (RR02-03): Distribution of Generator Testing Results** - The Committee discussed the proposed revision to reliability rule C-R1 for implementation on an expedited basis, that would require generator megawatt and mega-Var capabilities be provided to Transmission Owners (“TO”) who are responsible for the reliable operation of their systems. Mr. Adams noted that the NYISO Counsel has determined that the NYISO is within its rights under the NYISO Tariff to provide this generator information to the TOs who request it. Mr. Adams noted that the NYISO will issue a letter to this effect, followed by a web site posting. Mr. Clayton moved that the Committee approve

PRR #50 for posting for an expedited comment period of 15 days, which was seconded by Mr. Loehr and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). The Secretary shall post PRR #50 on the web site and issue a notice to Market Participants – **AI #36-6**.

4.3 Other RRS Issues

- i. Draft NYSRC Policy No. 1-3** – Mr. Adamson briefly reviewed the proposed revisions to NYSRC Policy No. 1 (“Procedure for Reviewing, Developing, Modifying, and Disseminating NYSRC Reliability Rules”) and requested that the Committee review the draft document and submit comments to him by April 26, 2002 – **AI #36-7**.
- ii. List of Applications to the NYSRC Reliability Rules** – Mr. Clayton noted that the NYISO has not updated the Applications of NYSRC Reliability Rules (“ARR”) included in the NYISO Transmission & Dispatching Manual, to include ARR66 which was approved by the Committee in May 2000. Mr. Clayton requested that Mr. Adams investigate the updating of the NYISO Manual. The RRS was requested to revise the ARR List to cross-reference the new Reliability Rule designations – **AI #36-8**. The Committee briefly discussed the roles of the NYSRC, NYISO and Transmission Owners regarding the ARRs. The Committee agreed that the NYSRC is responsible for initiating, maintaining, and monitoring compliance to the NYSRC Reliability Rules, while the NYISO and Transmission Owners are responsible for the implementation and application of the NYSRC Reliability Rules. The implementation and application of the NYSRC Reliability Rules by the NYISO and Transmission Owners does not in any way limit the NYSRC’s rulemaking authority or scope of the NYSRC Reliability Rules.

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 April 5, 2002, and the next meeting is scheduled for May 6, 2002.

- i. Deliverability Issues Study** – Mr. Adamson reported that the ICWG and NYISO completed the Task 1 MARS runs, with the results demonstrating the impact of capacity bottling on statewide loss of load expectancy (“LOLE”) for a simulated re-distribution of generating capacity in three (3) sub-zones on Long Island. Additional MARS runs are being done. Task 2, which will provide a procedure for accounting for bottled capacity in the Statewide Installed Reserve Margin (“IRM”) study, is in progress. Task 3, to be completed after Task 2, will determine the need for an updated or new reliability rule to recognize deliverability issues in the statewide IRM studies. The Study is scheduled to be completed by July 1, 2002.
- ii. IRM Study Criterion in Other Areas** – Mr. Adamson reported that the ICWG has issued a survey to the other nine (9) NERC regions to determine the LOLE criteria trends – continuation of **AI #33-7**.
- iii. 2003-2004 Statewide IRM Study** - Mr. Adamson reported that a schedule has been developed by the ICWG for the completion of the 2003-2004 Statewide IRM Study. The Study Report is scheduled to be issued to the Committee in December 2002. The areas of

the model to be updated have been reviewed, including forced-outage rates, external installed capacity, transfer limits, etc.

- iv. **Other** – Mr. Adamson briefly discussed the NPCC CP-8 Study on Summer 2002.

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 April 3, 2002. Mr. Loehr briefly summarized some of the RCMS discussion topics, including the NERC standards process and the review of the NYISO’s report on the UPS failure. The next RCMS meeting has been rescheduled for May 1, 2002 at NPCC. The September meeting 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. **2002 NYRCP Assessments** - Mr. Loehr noted that the assessments A-M2, G-M2, C-M7 and C-M8 were distributed to the Committee.
- iii. **Compliance Template Manual** – Mr. Loehr reported that the NYSRC Compliance Template Manual was sent to the Committee for review and comments on March 11, 2002. After brief discussion, Mr. Fleury moved that the Committee approve the posting of the manual for comments on the web site, which was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). The Secretary shall post the manual on the web site for comments and issue a notice to the Market Participants – **AI #36-9**.

6.3 Other RCMS Issues

- i. **NYISO UPS Failure** – Mr. Loehr reported that the RCMS has determined that there is no need for a new reliability rule or revision to an existing rule as a result of the investigation into the NYISO’s UPS failure in 2001. RCMS will consider the need for a new measurement.
- ii. **NPCC Procedures** – Mr. Loehr reported that NPCC is upgrading its emergency operating guidelines from a “C” document to an “A” document. Also, NPCC is still working on the A-6 Operating Reserve Criteria document, which will be delayed until after the November 2002 Reliability Coordinating Council (“RCC”) meeting.

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

7.1 NYISO Transmission Reliability Study – The final draft report on the Annual Transmission Reliability Assessment (“ATRA”) study is scheduled to be sent to the NYISO Transmission Planning Advisory Subcommittee (“TPAS”) on April 12, 2002. The goal is to send the report to

the NYISO Operating Committee in April.

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. Adams reported that a meeting is scheduled with Charles River Associates and NYSERDA on April 24, 2002 to discuss the transient phase of the NYSERDA/NYISO Gas Study. The scheduled completion date for the study is May 2002.

7.4 Other Studies – No report on other studies.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding – The Secretary reported that no agreement has been reached between the Millennium Pipeline Company (“Millennium”) and the City of Mount Vernon on the routing of the pipeline to the interconnection with Con Edison. The NYS Department of State also filed a letter with both FERC and the US Corp of Engineers noting continued concerns with a plan to perform underwater blasting in the Hudson River. This action could delay the project several months.

8.2 Reliability Legislation Update – Mr. Gioia reported on the Thomas legislation, noting that LLG&M has contacted several of the NY contingent to express the NYSRC’s concerns. Mr. Clagett suggested that the Committee Members consider and discuss at the next meeting whether the NYSRC should remain a NY entity and not become a FERC approved reliability entity under the qualifications being proposed under the Thomas legislation.

8.3 NY State Energy Plan – Mr. Gioia reported that the final NYSRC comments on the Draft NY State Energy Plan were filed on March 15, 2002.

8.4 NYISO Operations Report - The Secretary distributed the NYISO operations report with a comparison of 2000-2002 operating information, along with the NYISO Major Emergency Report for the March 30, 2002 incident.

8.5 FERC NOPR on Generator Interconnections – Mr. Clayton reported that FERC is expected to issue a Notice of Proposed Rulemaking (“NOPR”) in the near future, proposing a standard generation interconnection agreement and procedures.

8.6 NPCC Executive Committee Meeting – Mr. Bollbrock reported on topics discussed at the April 10, 2002 NPCC Executive Committee meeting. The majority of the meeting was spent on the NPCC CP-8 study for Summer 2002. The NPCC Press Release is expected to state that for base case conditions, all areas will meet the one (1) in ten (10) year criterion, however, for certain conditions (i.e. - continued drought conditions), there could be resource inadequacies, with the

greatest risk being in New York City and Southwest Connecticut. The NPCC is scheduled to issue the report by May 1, 2002.

9.0 Visitor Comments

Mr. Clagett solicited comments from the single visitor. No comments were provided.

10.0 Meeting Schedule

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#37	May 10	Albany Country Club, Voorheesville, NY	9:30 A.M.
#38	June 14	Albany Country Club, Voorheesville, NY	9:30 A.M.
#39	July 12	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 36 was adjourned at 3:15 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: May 10, 2002