

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 37 – May 10, 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
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
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)
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”)
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate
Herbert Schrayshuen	National Grid, USA – 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

Tom Gentile	National Grid, USA
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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 - Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) participated in person.

1.2 Requests for Additional Agenda Items - The Committee reviewed and approved the agenda with no additional items.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 36 (April 11, 2002) – After brief discussion by the Committee, Mr. Loehr moved that the Committee approve the Revised Draft Minutes for Meeting No. 36 as modified, which was seconded by Mr. Mennerich, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall issue the final minutes for Meeting No. 36 and post them on the NYSRC web site - **AI #37-1**.

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 April 2002 Summary of Receipts and Disbursements, noting that as of May 3, 2002, the NYSRC had a cash balance of approximately \$229,000. Mr. Adamson's reported that all of the Transmission Owner Members have submitted payments in response to the Call for Funds to collect the second quarter assessment.

3.2 NYSRC Insurance Coverage – Mr. Gioia reported that the renewal applications for the NYSRC's Excess Liability and Professional Liability insurance coverage were submitted to Marsh, USA. Marsh has stated that AEGIS will renew the policies at a substantial increase in premium. Mr. Gioia requested a 30-day extension of the existing policy which expires on June 15, 2002. Mr. Gioia recommended and the Committee agreed to form a working group of Risk Management experts from the NYSRC Members to work with Marsh/AEGIS to provide a recommendation to the Committee on the renewal of this coverage. Mr. Gioia shall coordinate the activities of the group – **AI #37-2**.

3.3 Selection Committee – 4th Unaffiliated Member – Mr. Loughney provided a status report on 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, still scheduled for the end of June 2002. Mr. Loughney noted that letters are being sent to five (5) potential candidates to determine whether they are interested in the position. Additional names can still be submitted to the Selection Committee. The Committee also discussed and agreed that a good-faith effort must be made to fill the position being created by the proposed merger with a 4th Unaffiliated Member, but that the final selection should not be made until after the NYSEG/RG&E merger is finalized.

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 2, 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 June 6, 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”), in addition to briefly discussing the status of PRRs # 8, 18, 20, 29, 48 and 51:

1. PRRs for Final Approval: 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 reported that no comments were received on the draft template revising Exception No. 19 to the Reliability Rules. Mr. Schrayshuen moved that the Committee grant final approval of PRR #49, which was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #49 on the web site and issue a notice to Market Participants regarding the final approval of the PRR – **AI #37-3.**

PRR#50 (RR02-03): Distribution of Generator Testing Results – Mr. Clayton reported that the draft template revising reliability rule C-R1 to require generator megawatt and mega-Var capabilities be provided to the interconnecting Transmission Owners (“TO”), was posted for comments on an expedited basis. IPPNY filed comments on PRR #50 stating that: (1) the data being requested is economically sensitive; (2) no need has been shown for the test data; and (3) the request for data has already been rejected by the NYISO stakeholder process. Mr. Clayton noted that in response to IPPNY’s comments: (1) the TOs have firewalls in place between the operations and merchant functions; and (2) the basis for the PRR is discussed in the template. Mr. Adams noted that the NYISO Counsel has determined that the NYISO is within its rights under the NYISO Market Services Tariff to provide this generator information to the TOs who request it. Mr. Adams noted that the NYISO has issued a letter to the generators in the Con Edison area, discussions have occurred between the NYISO and one of the generators regarding the issue raised, and the test data should be provided to Con Edison in the near future. After further discussion by the Committee, Mr. Loughney moved that the Committee grant final approval of PRR #50, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #50 on the web site and issue a notice to Market Participants regarding the final approval of the PRR – **AI #37-3.**

2. PRRs for Approval to Post for Comments: PRR#46 (RR02-05): Restoration of 10 & 30 Minute Reserves – Mr. Clayton reported that based on comments submitted by Mr. Adams raising NYISO Operations concerns with the monthly reporting requirements in the existing measurement, this PRR is being remanded to RRS for

review.

4.3 Other RRS Issues

- i. **Draft NYSRC Policy No. 1-3** – Mr. Clayton noted that comments were received on the proposed revisions to NYSRC Policy No. 1 (“Procedure for Reviewing, Developing, Modifying, and Disseminating NYSRC Reliability Rules”) and that Messrs. Adams, Adamson, Clayton, and Gioia will meet to and prepare a final draft for consideration by the Committee – **AI #37-4**.

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 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. 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 ICWG is scheduled to provide a status report to the Committee at the July 12, 2002 meeting.

Regarding Task 2, Mr. Adamson requested guidance from the Committee on a proposed principle stating that “transmission constraints, either into a zone or internally within a zone, shall not impact statewide installed capacity requirements.” After discussion, the Committee agreed that the RRS and ICWG shall prepare a white paper discussing the deliverability issue, listing the issues, options to be considered and pros/cons of each option – **AI #37-5**.

- ii. **IRM Study Criterion in Other Areas** – Mr. Adamson reported that the ICWG has received survey responses from six (6) of the nine (9) other NERC regions on LOLE criteria trends. Of those regions responding, none have considered a change in criterion over the past few years and 2-3 use a LOLE criterion, while others use a set percentage for IRM – continuation of **AI #33-7**.
- iii. **2003-2004 Statewide IRM Study** - Mr. Adamson reported that the ICWG is currently developing the assumptions for the completion of the 2003-2004 Statewide IRM Study. The Study Report is scheduled to be issued to the Committee in December 2002.
- iv. **NPCC CP-8 Study - Summer 2002 Assessment** – Mr. Adamson reported that the NPCC has issued a draft Reliability Assessment for Summer 2002, along with a draft Multi-Area Probabilistic Reliability Assessment. Mr. Adamson also reviewed a summary of the latter study results, noting that the NPCC has revised its severe case to allow PJM imports to NYC to provide support. Another draft report was just issued and it is uncertain when a final report will be issued by the NPCC.

- v. **Other** – The Committee briefly discussed whether the ICWG should be a subcommittee directly reporting to the Committee, instead of reporting to the RRS. Mr. Clayton agreed to raise the issue with the RRS and ICWG and review the NYSRC agreements and by-laws – **AI #37-6**.

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 May 1, 2002. Mr. Loehr briefly summarized some of the RCMS discussion topics, including the RCMS’ review of the TO’s load shedding requirements, which satisfies the NPCC load shedding requirements.

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 no new assessments were distributed to the Committee.
- iii. **Compliance Template Manual** – Mr. Loehr reported that the NYSRC Compliance Template Manual has been posted for comments, with comments due by May 30, 2002. The Secretary reported that no comments have been received to date.

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.

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”) the week of May 13, 2002.

7.2 NYISO Reactive Resource Adequacy Study – The revised study scope, that was distributed to the Committee, was approved by the NYISO Operating Committee. The next task is to develop a schedule for the study.

7.3 NYSERDA/NYISO Gas Study – Nothing new to report on the NYSERDA/NYISO Gas Study. The scheduled completion date for the study is May 2002. The Committee discussed the need for dynamic simulations, which are not part of the study scope for the NYSERDA/NYISO Gas Study.

7.4 Other Studies – Mr. Adams reported that a Northeast Gas Study is being sponsored by the IMO (Ontario) covering all of NPCC and MAAC. PJM and NYISO will participate in the study that will include both steady-state and dynamic studies. Mr. Adams also noted that the NYISO is drafting the triennial resource adequacy study report. The Department of Energy has also released its transmission grid study report.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding – Mr. Gioia reported that an agreement was recently 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 rejected the proposed pipeline routing due to several concerns, including routing and blasting to be performed in the Hudson River and the closeness of the pipeline to electric transmission lines.

8.2 Reliability Legislation Update – Mr. Gioia reported that LLG&M is obtaining information on the Senate legislation that passed. Media reports indicate that due to the Enron issue, the legislation may need to be revised to provide protections against market power and abuse.

8.3 NY State Energy Plan – Nothing new to report on the Draft NY State Energy Plan.

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 – The Secretary distributed a summary of FERC’s Notice of Proposed Rulemaking (“NOPR”) proposing a standard generation interconnection agreement and procedures. If there are any reliability concerns with the NOPR, the Committee will consider whether to file comments, which are due by June 17, 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>
#38	June 14	Albany Country Club, Voorheesville, NY	9:30 A.M.
#39	July 12	Albany Country Club, Voorheesville, NY	9:30 A.M.
#40	August 9	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 37 was adjourned at 12:15 PM.

Completed By: Joseph C. Fleury - Secretary
Final Issue Date: June 17, 2002