

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 40 – August 9, 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
Thomas C. Duffy	Central Hudson Gas & Electric Corporation (“CHG&E”)
Bruce B. Ellsworth	Unaffiliated Member
H. Kenneth Haase	New York Power Authority (“NYPA”) – Vice Chairman
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)
George C. Loehr	Unaffiliated Member
Michael Mager	Large Consumer’s Sector; Couch, White, LLP – Alternate
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate*
Herbert Schrayshuen	National Grid, USA – Alternate
George E. Smith	Unaffiliated Member

Others:

John M. Adams	New York Independent Systems Operator (“NYISO”)
Alan M. Adamson	Consultant, Treasurer & Acting Secretary
Paul L. Gioia	LeBoeuf Lamb Green & MacRae (“LLG&M”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“NY DPS” or “PSC”)
Raymond Turkin	Consolidated Edison Co. of NY, Inc.

Visitors – Open Session:

Timothy Duffy	NYISO*
Erin Hogan	NYSERDA
Jeffrey Gerber	NYSERDA*
Stanley E. Kopman	Northeast Power Coordinating Council (“NPCC”)
Joseph V. Plewinski	General Electric Co.

“*” – 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 FERC SMD NOPR proposal to standardize the structure and operation of competitive wholesale power markets.
- 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 phone.

1.2 Requests for Additional Agenda Items – The Committee reviewed and approved the agenda with two additional items covered under Items 8.7 and 8.8.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 39 (July 12, 2002) – After brief discussion by the Committee, it was moved and seconded that the Committee approve the Revised Draft Minutes for Meeting No. 39, and approved unanimously by the Committee Members in attendance (12 to 0). The Secretary shall issue the final minutes for Meeting No. 39 and post them on the NYSRC web site – **AI #40-1**.

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. **Summary of Receipts & Disbursements** – Mr. Adamson presented the July 2002 Summary of Receipts and Disbursements, noting that as of August 3, 2002, the NYSRC had a cash balance of approximately \$107,000. Mr. Adamson will recommend an October 1, 2002 call for funds amount at the September 13, 2002 Committee meeting – **AI #40-2**.

3.2 NYSRC Certificate of Formation – During the Executive Session of the last Committee meeting Mr. Gioia reported that the I.R.S. has made certain requests related to the NYSRC's pending application for tax-exempt status. Mr. Gioia stated that it appears that if the NYSRC satisfies these requests, the I.R.S. will grant tax-exempt status to the NYSRC. Accordingly, he recommended that the NYSRC response include: (1) an amendment to the NYSRC Certificate of Formation which confirms that the NYSRC's operations are consistent with those of a tax-exempt organization, and (2) an amendment to the NYSRC Operating Agreement on provisions related to tax-exempt status. Mr. Gioia requested the Committee to vote on these two documents. The amendment to the Certificate of Formation would be filed by Mr. Gioia on behalf of the Committee. The Operating Agreement amendment must be signed by the Committee members. The Transmission Owners would be signing both in their capacity as NYSRC Executive Committee members and as representatives of their companies as the members of the New York State Reliability Council, L.L.C. A motion was moved and seconded that Mr. Gioia make the necessary modifications to the NYSRC Certificate of Formation and NYSRC Operating Agreement. The motion was then unanimously approved by the members in attendance (12-0, 1 absent) – **AI #40-3**. Mr. Gioia will contact Mr. Cordeiro after the meeting to request his vote on the motion.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items – Mr. Clayton reported that the Reliability Rules Subcommittee (“RRS”) had a conference call meeting on August 1,

2002. The main topics of discussion during the conference call included new NYSRC Reliability Rule proposals. The next RRS meeting is scheduled for September 5, 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.

- b. Status of New/Revised Reliability Rules** – Mr. Clayton reported on the following Proposed Reliability Rules (“PRR”):
 - 1. PRR #20: Multiple Utilities on a ROW** – After extensive discussion on this PRR, the Committee agreed that such a rule should be applicable on a Regional basis. Therefore, RRS was requested to prepare the necessary information on the subject matter for submission to NPCC for its consideration – **AI #40-4.**
 - 2. PRR #53 (RR02-05): NYISO Communications Measurement for J-R2** – This proposed new Measurement, which requires the NYISO to provide the NYSRC reports of communications performance tests and system failures, was submitted to RRS by the Reliability Compliance Monitoring Subcommittee (“RCMS”). Mr. Clayton moved that the Committee approve the proposed Measurement for posting on the web site for comments, after incorporating a revision proposed by Mr. Turkin. The motion was seconded and unanimously approved by the Committee members in attendance (12 to 0, 1 absent). Mr. Adamson shall revise PRR #53 and forward it to the Secretary to post on the web site and issue a notice to the Market Participants.
 - 3. PRR #54 (RR02-06): Compliance Elements for Measurement B-M4, List of Bulk Power System Facilities** – This PRR was submitted to RRS by RCMS to provide compliance elements to accompany the recently approved Reliability Rule and related Measurement covering the List of NYS Bulk Power Facilities. Mr. Clayton moved that the Committee approve this PRR for posting on the web site for comments. The motion was seconded and unanimously approved by the Committee members in attendance (12 to 0, 1 absent). The Secretary will be requested to post PRR #54 on the web site and issue a notice to the Market Participants – **AI #40-5.**
 - 4. PRR #56: Modification of Exception No.18** – RRS received a PRR template from Con Edison for modification of Exception No.18. This PRR has been transmitted to NYISO SOAS for comments.

4.3 Other RRS Issues

- i. Applications of NYSRC Reliability Rules (“ARR”)** – The ARR Introduction and ARR list has been updated by RRS as requested by the Committee. Following discussion of the draft ARR, the Committee requested that RRS make certain revisions in the Introduction. Mr. Adamson will make these changes and transmit a revised ARR draft Introduction to the Committee for approval at its next meeting – **AI #40-6.**
- ii. RRS Work Scope** – The RRS work scope will be updated to reflect the recent ICS organizational change and other RRS functional changes.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Adamson reported that ICS last met on August 5, 2002. The main topics of discussion during the August 5 meeting were the 2002–2004 Statewide IRM Study and the Deliverability Study. The next meeting is scheduled for September 4, 2002.

- i. 2003–2004 Statewide IRM Study** – ICS continues to work with the NYISO staff to update the assumptions to be used for this study. Key assumptions that were reviewed at the August 5 meeting included the load shape model, load forecast uncertainty model, transmission capabilities, cable outage rates, maintenance outage assumptions, interconnected area models, and the external ICAP representation. It is expected that these parameters will be finalized at the September 4 ICS meeting. The initial base case is scheduled to be completed during September. The current plan is to transmit a draft report to the Committee in November 2002 with final approval in December 2002. It was reported that the NYISO ICAP Working Group is considering the use of summer resource capacity ratings to determine winter LSE capacity requirements. Although this is a market issue, ICS was requested to determine whether this issue could impact Statewide IRM studies – **AI #40-7**.
- ii. Deliverability Issues Study** – Mr. Adamson reviewed a report on Task 1 of the NYSRC Deliverability Study prepared by ICS, which summarized an analysis of the reliability impact of bottled generation on statewide and locational LOLE. The analysis demonstrated that the adverse reliability impact of bottled generation can be calculated and quantified. This report completes documentation of the NYSRC Deliverability Study – a paper on Tasks 2 and 3 was reviewed at the July 12, 2002 Committee meeting.

6.0 Reliability Compliance Monitoring Subcommittee Status/Issues

6.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS last met on August 8. He reviewed the RCMS discussion topics. The RCMS is scheduled to meet again on September 12, 2002.

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 and designated compliance levels.
- ii. 2002 NYRCP Assessments** – Mr. Loehr referred to compliance assessment reports for a number of recently completed RCMS compliance reviews.

6.3 Other RCMS Issues

- i. KeySpan–Ravenswood Report on Potential Circuit Breaker Capacity Impacts** – At the July 12, 2002 Committee meeting, RCMS was requested to fully discuss issues presented by KeySpan–Ravenswood in its report on reliability concerns resulting from possible overstressed breakers in the New York City area. In addition to KeySpan representatives, representatives from NYISO and Con Edison were invited to attend the August 8 RCMS meeting. A report covering an NYISO response to the KeySpan–Ravenswood report was also reviewed at the

meeting – **AI #40-8**. Mr. Loehr reported that following this discussion, which was limited to reliability considerations, RCMS met in Executive Session and developed several conclusions. The primary RCMS conclusions were as follows:

- The differences among the KeySpan, NYISO, and Con Edison short circuit results that were presented at the meeting are within the “noise” of this type of study, and for practical purposes the breakers are *at their ratings*.
- Given that the breakers are at their ratings, the NYSRC is concerned about potential reliability issues. However, we would not characterize the present situation as a reliability problem. Moreover, Con Edison has developed a mitigation plan recognizing that certain circuit breakers will be essentially reaching their short circuit ratings in 2003 and 2004 after planned generation is added during this period. This mitigation plan was approved by the NYISO Operating Committee.
- Con Edison has a policy whereby any planned generators that would cause breaker duties to exceed the ratings would not be permitted to operate.

Mr. Loehr was requested to draft a letter to KeySpan and NYISO reporting on NYSRC’s review of the short circuit issue – **AI #40-9**. Further, RCMS was requested to work with RRS to determine whether a new rule should be developed to establish NYISO procedure and data base requirements for short circuit studies – **AI #40-10**.

7.0 NYISO Studies – Reports were presented to the Committee on the following NYISO studies and issues:

7.1 NYISO Transmission Reliability Study – Mr. Adams reported that the NYISO has finalized the cost allocation for the “Class of 2001” generating units. The cost allocation analysis for the “Class of 2002” generating units will begin shortly.

7.2 Reactive Resource Adequacy Study – Mr. Adams distributed and reviewed a status report for the NYISO operations reactive studies. He noted that the NYISO has issued delinquency notices for several generating units that have not been tested in accordance with schedules required under NYISO verification of test results procedures. The Committee noted that these generating units are also in non-compliance with NYSRC Reliability Rule C-R1 and Measurement C-M3. Accordingly, RCMS was requested to review NYISO reactive power capacity test information and issue the appropriate compliance/non-compliance documentation – **AI #40-11**.

7.3 NYSERDA/NYISO Gas Study

- i. Gas Study Report** – Mr. Jeffrey Gerber of NYSERDA reviewed aspects of a NYSERDA/NYISO report, “The Ability to Meet Future Gas Demands from Electricity Generation in New York State”, which was previously transmitted to the Committee. He discussed the modeling approach used for the study and findings relative to 2005 adequacy of pipeline capacity to meet a range of generating unit additions.

- ii. **NYSRC Letter to PSC** – In accordance with discussion at the July 12, 2002 Committee meeting, Mr. Clagett has sent a letter to Maureen Helmer, Chairman of the PSC, inquiring whether additional studies to evaluate the adequacy of gas distribution systems for serving generation downstream from the local distribution company's meter stations have either been conducted or plan to be conducted.

7.4 Obligations of Non-ICAP Generators During Emergencies – The Committee discussed a letter dated January 11, 2002 on the subject prepared by NYISO counsel. The letter indicates that, based on present NYISO tariffs and operations manuals, during a “Major Emergency State” the NYISO may order Non-ICAP Generators that have not provided bids or schedules to provide generation in accordance with NYISO procedures. Review of the letter raised questions regarding the extent of Market Participant knowledge of this obligation, and whether this obligation includes making Non-ICAP Generators available *prior* to the advent of a Major Emergency State in order to avoid the NYISO from entering this State. Mr. Adams was requested to raise these questions with NYISO counsel – **AI #40-12**. Further, RRS was requested to review the need for a new NYSRC Reliability Rule covering the obligations of Non-ICAP Generators during emergencies – **AI #40-13**.

8.0 Other Items

- 8.1 Millennium Gas Pipeline Proceeding** – Mr. Gioia had nothing new to report on this proceeding.
- 8.2 Reliability Legislation Update** – Mr. Gioia had nothing new to report on this legislation.
- 8.3 NY State Energy Plan** – Mr. Gioia had nothing to new to report on the NY State Energy Plan.
- 8.4 NYISO Operations Report** – Mr. Fleury has updated this report, which compares 2000–2002 NYISO operations information, to include June 2002 operating data.
- 8.5 FERC NOPR on Generator Interconnections** – Mr. Clayton reported that this NOPR has not yet been issued.
- 8.6 NERC Organization Standards Process** – Mr. Stanley Kopman of NPCC was invited to present an overview of this new NERC process. NYSRC is a member of the Registered Ballot Body, a part of this process. Mr. Kopman discussed the reasons NERC has changed its process for developing new NERC Standards, the process, and the role of NPCC in the process. Mr. Kopman indicated that this change should not affect NYSRC's continued development of reliability rules that are more stringent than NERC or NPCC criteria. Mr. Adamson will transmit the NERC Organization Standards Procedure, which is on the NERC web site, to the Committee.
- 8.7 North American Energy Standards Board (NAESB) Report** – At the last NYSRC Executive Committee meeting, the Committee supported Mr. Ellsworth's recommendation that NYSRC be represented on a new NAESB advisory board for regional and state reliability organizations. The Committee unanimously agreed that Mr.

Ellsworth be named NYSRC's representative on the advisory board. Mr. Ellsworth will prepare a letter indicating NYSRC interest in joining the advisory board – **AI #40-14**.

8.8 NYSRC Operating Agreement Amendment – Mr. Gioia will shortly amend the Operating Agreement to include the recently approved provision related to the tax exempt status of the NYSRC and to note that NYS law applies – **AI #8-2**.

9.0 Visitor Comments

Mr. Clagett solicited comments from the visitors. No comments were provided.

10.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#41	September 13	Albany Country Club, Voorheesville, NY	9:30 A.M.
#42	October 11	Albany Country Club, Voorheesville, NY	9:30 A.M.
#43	November 8	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 40 was adjourned at 3:20 P.M.

Completed By: Alan M. Adamson – Acting Secretary

Final Issue Date: September 16, 2002