

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 41 – September 13, 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
Thomas J. Gentile	National Grid, USA – Alternate
H. Kenneth Haase	New York Power Authority (“NYPA”) – Vice Chairman
George C. Loehr	Unaffiliated Member
Michael Mager	Large Consumer’s Sector; Couch, White, LLP – Alternate
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – 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”)
Raymond P. Kinney*	New York State Electric & Gas Corp. (“NYSEG”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“NY DPS” or “PSC”)
Howard A. Tarler	NYS Department of Public Service (“NY DPS” or “PSC”)

Visitors – Open Session:

Matthew Mahoney*	Hunton & Williams
Matthew Scarborough*	American Superconductor
Thomas Wagner*	American Superconductor

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was held before the Open Session to discuss issues relative to the officer election and member selection processes, a proposed reliability rule issue, and an NYSRC activities paper.

- II. **Open Session**
 - 1.0 **Introduction**
 - 1.1 **Meeting Attendees** – Eleven (11) 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 three additional items covered under Items 8.7, 8.8 and 8.9.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 40 (August 9, 2002) – After brief discussion by the Committee, it was moved and seconded that the Committee approve the Revised Draft Minutes for Meeting No. 40 as modified, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall issue the final minutes for Meeting No. 40 and post them on the NYSRC web site – **AI #41-1**.

2.2 Action Items List – The Committee reviewed the Outstanding Action Items List. The Committee closed out two Outstanding Action Items, 8-2 and 13-6, and discussed the others 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.

Summary of Receipts & Disbursements – Mr. Adamson presented the August 2002 Summary of Receipts and Disbursements, noting that as of September 4, 2002, the NYSRC had a cash balance of approximately \$79,000. Mr. Adamson recommended that a Call for Funds be approved for \$25,000 from each of the six (6) Transmission Owners to cover 4th quarter NYSRC expenses. It was moved, seconded, and approved unanimously by the Committee members in attendance (11 to 0, 2 absent) that the Committee authorize the Call for Funds as recommended. Mr. Adamson shall issue the Call for Funds – **AI #41-2**.

3.2 NYSRC Certificate of Formation – Mr. Gioia reported that he submitted an amended NYSRC Certificate of Formation to the I.R.S. on behalf of the Committee, as approved by the Committee at its August 9, 2002 meeting. In addition, he will transmit an amendment to the NYSRC Operating Agreement, also approved at the August 9, 2002 meeting, to the Secretary for posting on the NYSRC web site. Both amendments are related to the tax-exempt status of the NYSRC.

3.3 Election of Committee Officers – Mr. Clagett noted that Mr. Loughney submitted a recommendation from the Nominating Committee in a letter dated September 6, 2002, for the following candidates for Committee officers for a one-year term commencing on August 1, 2002: Chairman - Mr. Clagett; Vice Chairman - Mr. Haase; and Secretary - Mr. Fleury. Mr. Sasson moved that the Committee approve the Nominating Committee's recommendation, which was seconded by Mr. Bolbrock, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent).

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items – Mr. Clayton reported that the Reliability Rules Subcommittee (“RRS”) met on September 5, 2002. The next RRS meeting is scheduled for October 3, 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. Mr. Adams requested that the designated assignee for PRR #8, “Reactive Load and Resource PF Requirements”, be changed to Mr. Waldell. Mr. Clayton reported that RRS concluded at its last meeting that PRR #18, “Special Protection Systems”, is not needed at this time and to remove it from the List. After considerable discussion, the Committee agreed with this RRS conclusion. Regarding PRR #29, “Short-Circuit Criterion”, Mr. Clayton reported that RRS has put development of this rule on hold pending new a NPCC short-circuit criterion to be included in an upcoming revision of Document A-2, “Basic Criteria for Design and Operation of Interconnected Power Systems”. The draft language of this new NPCC criterion is as follows: “Each Area will establish criteria for ensuring that fault duty levels are within appropriate equipment ratings and coordinate with adjacent Areas”. Mr. Adamson will transmit the latest draft of Document A-2 to the Committee. Mr. Clayton outlined tentative elements of a potential new rule, which would include the above NPCC criterion, requirements for an NYISO short-circuit study procedure and database, and consideration of intra-NYCA and inter-Area coordination. Mr. Clayton also briefly described the status of PRR's #20, 46, 50, and 52 through 56.

b. **New/Revised Reliability Rules for Committee Approval** – Mr. Clayton requested Committee approval for the following PRR:

PRR #51 – Definition of Reactive Power Capacity: Mr. Clayton requested Committee approval of a revised glossary definition of Reactive Power Capacity. The Committee suggested several changes in the definition. Mr. Clayton will also assure that the proposed definition is consistent with the IEEE definition. Mr. Clayton will revise the PRR template accordingly and resubmit it to the Committee for approval at its October 11, 2002 meeting – **AI #41-3**.

4.3 Other RRS Issues

i. **Applications of NYSRC Reliability Rules (“ARR”)** – The Committee approved the ARR subject to incorporating certain modifications in the Introduction. Mr. Adamson will transmit the updated ARR to the Secretary for posting on the NYSEC web site – **AI #41-4**.

ii. **RRS Work Scope** – The Committee approved Revision 2 of the RRS Work Scope subject to incorporating certain modifications. Mr. Adamson will transmit the revised RRS Work Scope to the Secretary for posting on the NYSRC web site – **AI #41-5**.

iii. **Non-ICAP Generator Obligations During Emergencies** – The Committee continued its discussion from the August meeting concerning Non-ICAP Generator obligations during emergencies. Mr. Clayton reported on RRS' review of the issue at its last meeting. Referring to a letter on the subject prepared by NYISO counsel on January 11, 2002 and further input from Mr. Adams, the Committee concluded that present NYISO tariffs and procedures do not provide the NYISO with the authority to order Non-ICAP Generators into service in order to avoid entering the Major Emergency State. Therefore, Mr. Clayton was

requested to draft a letter to the NYISO expressing this NYSRC concern and recommending that the NYISO examine the need for authority to order Non-ICAP Generators to assist the NYCA during Alert States, and alert Market Participants to their obligations during Major Emergency States - **AI #41-6**. The Committee agreed with a RRS conclusion that a new rule is not required at this time.

- iv. **Role of NYSRC in the NERC Organization Standards Process** – Mr. Clayton reviewed the RRS process for tracking proposed NPCC and NERC criteria changes. The purpose of this process is to provide the opportunity to comment on criteria changes via open review processes and to modify, if necessary, NYSRC Reliability Rules to be consistent with new or modified NPCC and NERC criteria. This tracking process will be expanded to include NYSRC participation in the new NERC Organization Standards Process. RRS recommends that, in order to minimize RRS workload for this task, that one of the NYISO or NY Market Participant representatives on the NPCC CP-9 working group be requested to report relative CP-9 activities to RRS, and to pass on any RRS comments to CP-9 concerning proposed NERC Standard Authorization Requests (SARs) and Organization Standards (OS). CP-9 provides consolidated NPCC member review and comments on NERC SARs and OS and identifies issues associated with OS and their potential impact on the NPCC region. The Committee approved this approach. Mr. Clayton reported that RRS has reviewed two recent SARs and had no comments.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Adamson reported that ICS last met on September 4, 2002. The primary topic of discussion during the September 4 meeting was assumptions for the 2002–2004 Statewide IRM Study. The next meeting is scheduled for September 20, 2002.

- i. **2003–2004 Statewide IRM Study** – Mr. Adamson reported that ICS has now agreed on most study assumptions, including an update of the transmission model. Mr. Haase asked ICS for how these transmission limits compare with 2003 operating limits. A conference call is scheduled for September 20 to finalize remaining the study assumption issues. Work has been started to draft the IRM Study report. The initial draft is scheduled to be completed for the November 8 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 September 12. He reviewed the RCMS discussion topics. The RCMS is scheduled to meet again on October 10, 2002 at NPCC.

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 reported that several assessments were reviewed at the September 12 meeting. Compliance/non-compliance actions on these assessments will be completed at the next RCMS meeting. The number of monthly alert states and reserve activations from January 2000 to August 2002 will be plotted to examine possible trends.

6.3 Other RCMS Issues

- i. **Letter Regarding NYSRC Review of NYC Breaker Fault Duties** – At the last Committee meeting Mr. Loehr was requested to draft a letter to KeySpan reporting on NYSRC's review of NYC breaker fault duties. He has since prepared several drafts of this letter based on comments received from Committee members over the past month. He distributed the most recent draft that incorporated comments from RCMS. Mr. Loehr will finalize the letter based on additional comments received at the meeting and transmit it to Mr. Adamson for distribution to KeySpan – **AI #41-7**.
- ii. **Adequacy of LSE Unforced Capacity During the 2002 Summer Period** – Mr. Loehr reported that at the last RCMS meeting, NYISO Staff advised the subcommittee that there may have been insufficient LSE unforced capacity (UCAP) in place to satisfy the statewide installed capacity requirement (ICR), as determined by NYSRC for the 2002 summer period. If true, the NYISO may not have been in compliance with NYSRC Reliability Rule A-R2 that states that LSEs shall be required to procure sufficient resource capacity so as to meet the statewide ICR. Mr. Loehr requested Mr. Adams to describe the issue to the Committee. Mr. Adams reviewed the UCAP concept and how its methodology was applied for establishing 2002 summer UCAP requirements. A recent analysis by the NYISO revealed the total required UCAP, as determined and then implemented by the NYISO, may have been insufficient to meet the total LSE ICAP needed to meet the NYSRC statewide ICR. Mr. Adams stated that the NYISO plans to move expeditiously to address this ICAP shortfall. After a lengthy discussion, the Committee requested ICS to quickly meet with NYISO Staff to achieve the following objectives: (1) Develop a clear grasp of the present UCAP methodology, (2) Confirm the accuracy of the ICAP value derived from the certified 2002 summer LSE UCAP, as reported by the NYISO, (3) Review and understand the flaw in the UCAP process that led to the apparent shortfall of required LSE ICAP for meeting the 2002 summer statewide ICR, (4) Establish whether the NYISO was in non-compliance with NYSRC Reliability Rule A-R2 during the 2002 summer period, (5) Comment on a NYISO remedy to correct the flaw in the UCAP process, and (6) Comment on a NYISO plan and schedule to remedy the UCAP process. ICS was requested to report its findings concerning the above meeting objectives to the Committee – **AI #41-8**. If the NYISO is found by ICS to be in non-compliance with the NYSRC Reliability Rules, RCMS is requested to establish the appropriate level of non-compliance and draft the necessary documentation in accordance with NYSRC Policy 4 and the NYSRC Compliance Template Manual.

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

- 7.1 NYISO Transmission Reliability Study** – No report was provided.
- 7.2 Reactive Resource Adequacy Study** – No report was provided.
- 7.3 NYSERDA/NYISO Gas Study**
- i. Gas Study Report** – The final report was previously distributed to the Committee.
 - ii. NYSRC Letter to PSC** – A letter from John Zekoll, Deputy Director of the PSC Office of Gas and Water, responding to Mr. Clagett's August 2, 2002 letter to Chairman Helmer, has been received and distributed to the Committee. The letter will be reviewed at the next Committee meeting.
- 7.4 Obligations of Non-ICAP Generators During Emergencies** – This agenda item was covered under **AI #4.3 iii.**
- 8.0 Other Items**
- 8.1 Millennium Gas Pipeline Proceeding** – Mr. Gioia had nothing 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 new to report on the NY State Energy Plan.
- 8.4 NYISO Operations Report** – Mr. Fleury has updated this report to include August 2002 operating data.
- 8.5 FERC NOPR on Generator Interconnections** – Mr. Clayton reported that this NOPR has not yet been issued.
- 8.6 North American Energy Standards Board (NAESB) Report** – As requested at the last Committee meeting Mr. Clagett transmitted a letter, dated September 4, 2002, to the NAESB Executive Director requesting that Mr. Ellsworth represent NYSRC on its Advisory Board.
- 8.7 NPCC Executive Committee Report** – Mr. Bolbrock reviewed highlights of the NPCC Executive Committee held on September 10, 2002. The NPCC General Meeting will be held on September 18-19 in Albany.
- 8.8 NYSRC Code of Conduct** – Mr. Schrayshuen has requested that the Code of Conduct reviewed to determine whether this document should be amended to incorporate security issues. The Committee asked Mr. Gioia to propose such an addition to the Code of Conduct – **AI #41-9.**
- 8.9 FERC SMD NOPR** – The Committee agreed to consider filing NYSRC comments to FERC on this NOPR. Mr. Clagett requested Committee members to send any comments

to Mr. Gioia, who will prepare an outline for review at the October 11, 2002 meeting –
AI #41-10.

9.0 Visitor Comments

No visitors were present at the end of the meeting.

10.0 Meeting Schedule

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

The Open Session of Committee Meeting No. 41 was adjourned at 4:30 P.M.

Completed by: Alan M. Adamson – Acting Secretary

Final Issue Date: October 11, 2002