

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 47 – March 14, 2003**  
**Albany Country Club – Voorheesville, NY**

**Members and Alternates:**

William H. Clagett	Unaffiliated Member – Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc
Curt Dahl	KeySpan Energy – LIPA – Alternate
Bruce B. Ellsworth	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas Corp. – Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”) – Vice Chairman
Michael P. Hogan	Central Hudson Gas & Electric – Alternate
George C. Loehr	Unaffiliated Member
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP - Alternate
Thomas M. Piascik	Wholesale Seller's Sector; PSEG Power, LLC
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate
Herbert Schrayshuen	National Grid, USA – Alternate – by phone
George E. Smith	Unaffiliated Member

**Others:**

John M. Adams	New York Independent Systems 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”)
Robert W. Waldele	NYISO*

**Visitors – Open Session:**

Erin P. Hogan, P.E.	New York State Energy Research Corp. (“NYSERDA”)*
Richard B. Miller	New York City Economic Development Corp. – by phone*
Glenn D. Haake	Independent Power Producers of NY, Inc.

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

**Agenda Items – (Item # from Meeting Agenda)**

**I. Executive Session** – An Executive Session was requested and conducted following the Open Session.

**II. Open Session**

**1.0 Introduction**

**1.1 Meeting Attendees** – All thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were represented at the meeting, either in person or by telephone. Mr. Haake introduced Mr. Piascik as the newly appointed Member on the Committee representing the Wholesale Seller Sector, replacing Mr. Clayton. Mr. Haake shall submit a letter to the NYSRC regarding the appointment – **AI #47-1**.

The Committee recognized Mr. Clayton for his many years of service and his significant contributions as a Member of the Committee. The Committee agreed that Mr. Clayton shall continue in his current role as Chairman of the Reliability Rules Subcommittee (“RRS”), with the expectation that he will attend the Committee meetings to report on RRS activities.

**1.2 Requests for Additional Agenda Items** – The Committee approved the agenda with items added under Items 4.3 i and 7.4.

**1.3 Executive Session Topics** – The Committee conducted an Executive Session following the Open Session to discuss electric system security.

**2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 46 (February 14, 2003)** – After brief discussion by the Committee, it was moved (Mr. Mager) and seconded (Mr. Haase) that the Committee approve the Revised Draft Minutes for Meeting No. 46 as modified. The motion was approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue the final minutes for Meeting No. 46 and post them on the NYSRC web site – **AI #47-2**.

**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 to the Committee.

**i. Summary of Receipts & Disbursements** – Mr. Adamson presented the February 2003 Summary of Receipts and Disbursements, noting that as of March 3, 2003, the NYSRC had a cash balance of approximately \$144,000. Mr. Adamson recommended that a Call for Funds be issued for \$20,000 from each of the Transmission Owners for the second quarter assessment. Payments shall be submitted by April 1, 2003. Mr. Haase moved that the Committee approve the recommendation, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). Mr. Adamson shall issue the Call for Funds – **AI #47-3**.

**ii. 2002 Audit Report** – Mr. Adamson distributed copies of the Independent Auditor’s Report for 2002 completed by Urbach Kahn & Werlin LLP (“UK&W”). He noted that the report states that the financial statements present fairly the cash receipts and disbursements of the NYSRC for the year ending December 31, 2002.

**iii. Accounting Services Contract** – Mr. Adamson reported that he continues to work on the activities assigned by the Committee to contract the NYSRC accounting and auditing services with separate entities starting in 2004. Mr. Adamson reported that he informed UK&W of this separation of services and he

has identified and contacted two (2) candidates for auditing services, beginning with the audit for 2003. He will contact 1-2 more candidates. The Committee discussed if changing the NYSRC's fiscal year would reduce the rate charged for the auditing service. Mr. Adamson shall: (1) check to see whether there is a financial advantage of changing the fiscal year; (2) identify any smaller bookkeeping firms or individual CPAs available to contract accounting services; and (3) provide options for the audit services contract for the May Committee meeting – **AI #47-4**.

### **3.2 Other Organizational Issues**

- i. Director's & Officer's ("D&O") Insurance Coverage** – Mr. Gioia reported that the D&O policy with AEGIS was extended from March 6, 2003 to April 6, 2003, at the current rate. Marsh, the insurance consultant, notified Mr. Gioia that the quote from AEGIS to renew the NYSRC's D&O insurance coverage is \$38,618, plus a 4% adder, which includes the \$10M coverage, \$25,000 deductible, and terrorism coverage. There is no reduction in the premium to reduce the number of Members covered from 13 to 6. Mr. Gioia has requested a quote for a higher deductible amount. After discussion, the Committee agreed to maintain the existing \$10M coverage amount, along with the terrorism coverage, and to investigate raising the deductible amount. Messrs. Gioia and Fleury will obtain the information, solicit input from the Risk Management/Insurance groups at each of the Transmission Owners, and send out a recommendation to the Committee – **AI #47-5**. A decision must be made by April 6, 2003.
- ii. NYSRC Openness Policy** – The Committee reviewed and discussed the draft NYSRC Policy 2-4 prepared by Mr. Clayton to revise the Openness Policy to include posting documentation prior to meetings. The Committee agreed that the meeting agenda shall note what action is to be taken for the agenda items and that a good faith effort shall be made to post meeting documents prior to meetings. Messrs. Gioia and Fleury shall prepare a revised draft Openness Policy for consideration by the Committee – **AI #47-6**.
- iii. Committee Member Terms** – Mr. Gioia noted that the current term for all Committee Members expires effective July 31, 2003. Letters will be needed from each of the Affiliated Transmission Owners designating their representatives. The selection process shall also be completed for the Members representing the Wholesale Sellers, Large Consumers, and Municipal Systems and Cooperatives Sectors.
- iv. Subcommittee Member/Chairman Selection** – The Committee discussed and requested that Mr. Gioia review the various NYSRC Agreements for language regarding the process for appointing and/or selecting Subcommittee Members and Chairmen, along with any term restrictions – **AI #47-7**.

### **4.0 Reliability Rules Subcommittee Status Report/Issues**

- 4.1 Subcommittee Status Report & Discussion Items** – Mr. Adamson reported that the Reliability Rules Subcommittee ("RRS") met on March 6, 2003. He noted that RRS Members Phil Davis (KeySpan) and Pat Callahan (RG&E) will be retiring in the near future and their contributions to the RRS were recognized. The next RRS meeting is scheduled for April 3, 2003.

## 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 current List of Potential Reliability Rules Changes, briefly reviewing the status of PRRs #8, 50, 52, 55, 56, 57, 59, 60 and 61.

### b. Status of New/Modified Reliability Rules

1. **PRRs for Final EC Approval:** Mr. Adamson discussed PRRs #50 (RR03-03: Permanent Implementation of the Expedited Revisions to C-R1, “Verification Testing of Resource Capacity” and related Measurement C-M1), noting that comments were received in the posting process which expired on March 3, 2003, and the comments were incorporated into the revised template. Mr. Sasson moved that the Committee grant final approval for rule, which was seconded by Mr. Smith and was unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post a notice of the final approval – **AI #47-8**. The Committee also discussed PRR #61 that revised the definition for Net Dependable Capacity. Mr. Haase moved that the Committee grant final approval of the addition to the definition, with the caveat that the RRS review the validity of the current last sentence of the definition – **AI #47-9**. The motion was seconded by Mr. Sasson and unanimously approved by the Committee Members in attendance (13 to 0).

2. **Proposed Revisions to NYSRC Reliability Rules – Section B** – Mr. Adamson reviewed the proposed revisions to the introductory paragraph of Section B. Mr. Smith moved that the Committee approve the proposed addition to Section B, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). Mr. Adamson shall update the NYSRC Reliability Rules document to incorporate the addition of PRRs #50 and 61, along with the revision to Section B – **AI #47-10**.

3. **PRRs for EC Approval to Post for Comments:** – Mr. Adamson reviewed PRRs # 55, 56 and 57 (RR03-04, 05 & 06) which were being proposed for approval to post for comments. After discussion of each PRR, motions were made for Committee approval to post the PRRs for comments (by Messrs. Ellsworth, Fleury & Sasson, respectively), which were seconded (by Messrs. Smith, Ellsworth & Loehr, respectively), and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall issue a notice and post the PRRs on the web site for the 45 day comment period – **AI #47-11**.

c. **NPCC & NERC Criteria Tracking Program** – Mr. Adamson reported that RRS reviewed and submitted comments on both drafts of NPCC A-2. Reliability Rule changes may be required if the A-2 changes are approved by NPCC. RRS is also reviewing proposed changes to NPCC A-6 and is working on changes to Reliability Rules (PRR #60). RRS has also reviewed nine (9) NERC SARs.

#### **4.3 Other RRS Issues**

**i. Applications of NYSRC Reliability Rules** – Mr. Adamson reported that the NYISO has updated the Applications of NYSRC Reliability Rules and posted them on the NYISO web site. The RRS has reviewed the revisions to the document and recommended that they be removed from the NYSRC web site, adding a link to the NYISO web site. The Committee agreed and the Secretary shall update the web site – **AI #47-12.**

#### **5.0 Installed Capacity Subcommittee Status Report/Issues**

**5.1 ICS Status Report & Discussion Issues** – Mr. Dahl reported that the Installed Capacity Subcommittee (“ICS”) last met on March 4, 2003. The ICS is scheduled to meet on April 9, 2003.

**5.2 2003–04 NYCA Installed Capacity Requirement Study – Lessons Learned** – Mr. Dahl reviewed the Lessons Learned from the 2003-2004 NYCA Installed Capacity Requirements (“ICR”) Study prepared by the ICS. The ICS document addressed eight (8) areas for process improvements and included several recommendations for consideration by the Committee. One issue discussed was the schedule for completion of the next study. The ICS is scheduled to provide a draft report to the Committee prior to the November meeting. This requires freezing the data used in the base case study potentially prior to the summer 2003 peak. The ICS will, however, be able to run sensitivity studies with summer 2003 data incorporated. The Committee agreed that the base case and all sensitivity cases shall be the basis for determining the final ICR. The Committee also discussed the issue of quality assurance and the ability for ICS Members to view the data used in the ICR studies. Mr. Adams shall discuss the confidentiality issue with NYISO counsel – **AI #47-13.** The Committee also discussed having a joint ICS/NYISO Installed Capacity Working Group meeting in August to discuss the study. The ICS will also consider developing an ICR Study Policy to establish guidelines and explain processes used for completion of the ICR study. Mr. Dahl requested that the Committee review the Lessons Learned document and submit comments to him by April 2, 2003 – **AI #47-14.**

#### **5.3 2004–05 NYCA Installed Capacity Requirement Study – Status Report**

In addition to the issues discussed under Item 5.2, Mr. Dahl reported that the ICS is preparing a status report to the Committee addressing the studies being completed in advance of the 2004-2005 ICR Study. Mr. Dahl noted that some of the ICS Members met with NYISO and General Electric staff on February 25, 2003, to discuss the Multi-Area Reliability Simulation (“MARS”) program and issues related to the ICR study. The ICS is also preparing a memo to the Committee noting the areas to be addressed for the 2004-2005 ICR Study – continuation of **AI #46-7.**

## **6.0 Reliability Compliance Monitoring Subcommittee Status/Issues**

**6.1 RCMS Status Report & Discussion Issues** – Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) last met on March 13, 2003. He reviewed the RCMS discussion topics, including the review of the NYISO Locational ICR Study for 2003-2004 and the ICAP/UCAP issue. RCMS is scheduled to meet again on April 10, 2003.

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

- i. 2003 NYRCP Responsibilities & Milestones** – Mr. Loehr noted that there was nothing to report this month.
- ii. 2003 NYRCP Assessments** – Mr. Loehr noted that there were no assessments to report on this month..

**6.3 Other RCMS Issues** - No other issues.

**7.0 NYISO Studies** – Reports were presented by Mr. Adams on the following studies and issues:

**7.1 NYISO Transmission Reliability Study** – Mr. Adams reported that the NPCC Annual Transmission Study was discussed and tabled by the NPCC Reliability Coordinating Council (“RCC”) at its March 12, 2003 meeting. Concerns were raised regarding an extreme contingency model.

**7.2 Reactive Resource Adequacy Study** – Mr. Waldele of the NYISO made a presentation to the Committee on the NYISO’s study. A handout of the presentation slides was distributed. The presentation slides are also posted on the NYISO web site.

**7.3 NYSERDA/NYISO Gas Study** – Mr. Adams reported that the study is complete and that he will distribute the final report to the Committee by email.

**7.4 Other Studies** – The Committee was informed that the Governor’s Office has issued a NYS renewable energy standard that will ultimately require 2,500MW of wind generation. There is a concern with how this generation will be counted as installed capacity.

Mr. Dahl requested a discussion of the resource adequacy studies being conducted by various groups. He noted that Mr. Vitale was attending the Resource Adequacy M (“RAM”) meeting for the ICS. It was noted that the FERC SMD NOPR current has a three (3) year resource adequacy requirement, which if approved, would require the NYSRC to determine a three (3) year NYCA installed capacity requirement. The ISOs are currently working on a joint proposal on resource adequacy to file at FERC in the SMD Proceeding.

## **8.0 Other Items**

**8.1 Millennium Gas Pipeline Proceeding** – Mr. Gioia noted that there was nothing new to report on the Proceeding.

- 8.2 Reliability Legislation Update** – Mr. Gioia noted that LLG&M shall continue to monitor the reliability legislation activities.
- 8.3 NYISO Operations Report** – The Secretary distributed the updated summary through February 2003.
- 8.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth reported that the NAESB Board is scheduled to meet on March 20, 2003. The Committee discussed the recent activities regarding the proposed Memorandum of Understanding (“MOU”) between NERC, NAESB, and the ISO/RTOs. Mr. Loehr noted that he met with K. Tammur of the NYISO on the issue. The Committee also discussed the March 7, 2003 memo from Mr. Gioia on the MOU. The Committee agreed that the NYSRC must work closely together with the NYISO in this MOU process to ensure that reliability is not compromised when addressing business practice issues. Messrs. Clagett and Adams will discuss the issue next week.
- 8.5 FERC SMD NOPR** – Mr. Gioia reported that the FERC will be issuing a white paper in April 2003, to let parties know where FERC stands on various issues addressed in the SMD NOPR proceeding. The NYSRC will need to determine whether to file comments on the white paper.
- 8.6 NYSRC Executive Committee Report** – The Committee discussed the final draft of the NYSRC Executive Committee Report dated March 1, 2003. Mr. Schrayshuen moved that the Committee approve the document as modified during the discussion, which was seconded by Mr. Haase, and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent).
- 9.0 Visitor Comments** – No visitor comments were received.

**10.0 Meeting Schedule**

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#48	April 11, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#49	May 9, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#50	June 13, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 47 was adjourned at 3:40 P.M.

Completed By: J.C. Fleury – Secretary  
 Final Issue Date: April 11, 2003