

Minutes
New York State Reliability Council (“NYSRC”)
Executive Committee
Meeting No. 6 - October 6, 1999
New York Power Pool - Annex - Altamont, N.Y.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
Timothy R. Bush *	Wholesale Sector, Sithe Energies, Inc.
John A. Casazza	Unaffiliated Member
William H. Clagett	Unaffiliated Member
Roger E. Clayton	Wholesale Sector, PG&E Generating (Alternate)
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation
H. Kenneth Haase	New York Power Authority
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation
P. Donald Raymond *	Niagara Mohawk Power Corporation
Frank Lembo	Consolidated Edison Co. of New York, Inc. (“Con Edison”)
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)

Others

John M. Adams	New York Power Pool (“NYPP”) (Alternate)
Alan M. Adamson	Consultant
Paul L. Gioia *	LeBoeuf, Lamb, Greene & MacRae, LLP (“LLG&M”)
Keith O’Neal	New York Public Service Commission (“PSC”)
Howard A. Tarler *	New York Public Service Commission

* - Denotes in attendance only part time.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction

An Executive Session was held to discuss the issue of the NYISO’s declaration regarding external installed capacity sources. The Compliance Monitoring Subcommittee shall research the issue and formulate a recommendation to the Committee - **AI #6-1**. The Committee also discussed Unaffiliated Member compensation resulting in an action item for Mr. Bolbrock - **AI #6-2**.

2.0 Approval of September 10, 1999 Minutes - Meeting No. 5

After Committee discussion, Mr. Clayton moved that the Minutes from Meeting No. 5 be approved as modified, which was seconded by Mr. Clagett, and carried unanimously by the

Committee members in attendance (11 to 0, 1 absent). The Secretary will issue the final minutes - **AI #6-3**.

2.1 Action Items List

A revised Action Items List dated October 5, 1999, containing only outstanding Action Items, was distributed and discussed by the Committee.

3.0 Organizational Issues

3.1 NYSRC Certification of Formation, Application of Authority

Mr. Gioia received no additional comments on the draft documents transmitted in his July 23, 1999 email message. Mr. Gioia shall proceed with the filing of the documents, maintaining a file of all documents, and providing a copy of the documents to the Secretary, who shall also maintain a file of all Committee documents - **AI #6-4**.

3.2 NYSRC Draft Operating & Reimbursement Agreements

Mr. Gioia received comments on both documents, which shall be incorporated into final drafts and sent to the Committee. Mr. Gioia noted that the individuals signing these documents must be officers of their respective organizations. Mr. Casazza moved to authorize the finalization of both the NYSRC Operating and Reimbursement Agreements for execution, which was seconded by Mr. Raymond, and carried unanimously by the Committee members in attendance (11 to 0, 1 absent). Committee members shall provide the names of the individuals who will be executing the documents to Mr. Gioia, who shall incorporate into the final execution documents to be sent to the Committee - **AI #6-5**.

3.3 NYSRC Start-up Date & Issues

Mr. Gioia provided a status report on the NYISO start-up activities, noting the extension of the Phase IV Market Trials. Mr. Gioia noted that the NYISO Cutover Plan includes a clause that the NYISO will operate the system in accordance with the NYSRC Reliability Rules. The Initial Reliability Rules, which the NYISO will receive upon filing with the FERC and PSC, will become effective at the start of the cutover period.

3.4 Tax Issues

Mr. Gioia received no comments on the draft tax exempt filing document to be submitted to the Internal Revenue Service ("IRS"). Mr. Gioia shall proceed to schedule a pre-submission conference with the IRS to discuss the NYSRC and its responsibilities - continuation of **AI #5-8**. Mr. Gioia shall also determine whether Urbach Kahn & Werlin PC ("UK&W") should attend the meeting with the IRS and whether the PSC should be requested to file a document in support of the request for tax exempt status.

3.5 Legal Counsel

Mr. Gioia reported that no progress was made on **AI #5-9** to prepare and submit a draft agreement to the NYSRC Officers.

3.6 Financial Issues

a. Accounting Firm

Mr. Bolbrock reported that a meeting was held with the accounting firm UK&W prior to the Committee meeting. Another meeting shall be scheduled with UK&W to discuss NYSRC expenses and accounting issues - **AI #6-6**.

b. Funding Mechanism

Mr. Gioia reported that the NYISO Counsel has indicated that the NYISO Board will discuss the proposed NYSRC funding mechanism at their October 19, 1999 meeting. The NYISO Counsel requested Mr. Gioia to prepare and submit a draft of the FERC filing to revise the NYISO Tariff - **AI #6-7**.

c. NYSRC Expenses

The Secretary reported that, to date, he was unable to meet with M. Mackles/A. Ragona at the NYPP to discuss the handling of NYSRC expenses post-NYISO implementation - continuation of **AI #4-8**. This Action Item will be combined with **AI #6-6** to include UK&W. The Committee agreed that upon NYISO startup, the NYSRC will need to fund all expenses until FERC approves the proposed funding mechanism. The Committee agreed that a process be established utilizing UK&W to set up the accounting and to collect funds to cover these NYSRC expenses. This topic will be discussed in the meeting with UK&W under **AI #6-6**.

d. Treasurer

Mr. Bolbrock noted that no candidates for the position of NYSRC Treasurer were received to date. After discussion by the Committee, a motion was made by Mr. Casazza, seconded by Mr. Clagett, and carried unanimously by the Committee members in attendance (11 to 0, 1 absent), to appoint Mr. Adamson as acting NYSRC Treasurer. Mr. Adamson shall prepare a budget for NYSRC expenses from NYISO startup through the end of 1999, along with a draft call for funds - **AI #6-8**.

3.7 Insurance Requirements/Consultant

The Secretary reported that the request for proposal for the insurance consultant to the NYSRC has progressed - continuation of **AI #4-12**. The Committee discussed the need to move forward with obtaining insurance and a consultant immediately. During the earlier meeting, UK&W suggested that the NYSRC should contract with a local insurance consultant in lieu of issuing a

request for proposal. Mr. Casazza moved to pursue with UK&W the contracting of the local insurance consultant and to obtain a short-term insurance policy (1 year maximum), as long as the cost is less than \$10,000. This motion was seconded by Mr. Loughney and carried unanimously by the Committee members in attendance (11 to 0, 1 absent). Mr. Bolbrock and the Secretary will discuss with UK&W - **AI #6-9**.

3.8 Selection of New Unaffiliated Member

Mr. Loughney provided a status report to the Committee on the Nominating Committee's activities to fill the vacancy created by the Con Edison/O&R merger. Four (4) unaffiliated candidates were interviewed by the Nominating Committee on October 5, 1999 and a recommendation was prepared. However, upon further discussion by the Committee, the Nominating Committee was instructed to interview two additional candidates and provide a recommendation to the Committee at the next meeting - continuation of **AI #4-14**.

3.9 Committee Code of Conduct

Mr. Gioia noted that no progress was made on this item - continuation of **AI #4-15**. The Committee discussed and agreed that an openness policy is needed to handle all NYSRC activities, including what documents can be made public by the NYSRC. The Secretary proposed that final NYSRC documents (no drafts) be posted on the NYSRC website only, with no hard copies made available. In addition, Committee approval will be required before any document is posted on the NYSRC website. Mr. Adamson and the Reliability Rules Subcommittee shall develop a draft policy for the next meeting, incorporating the above proposal - **AI #6-10**.

3.10 Communication/Coordination with NYISO

Mr. Casazza expressed a concern that there are many inconsistencies and a duplication of efforts between the NYPP/NYISO, NPCC, NERC and the NYSRC, and suggested that a working group be established to achieve coordination and consistency between the organizations. Mr. Casazza shall prepare a summary outlining the major points of concern regarding inconsistencies between the organizations and send to Mr. Sasson - **AI #6-11**.

3.11 NYSRC Website Status

The Secretary reported that the website consultant, Communication Works, will be contacted to initiate the NYSRC website activities - continuation of **AI #5-16**.

3.12 Revised NPCC Membership Agreement

The Committee discussed and agreed that all comments on the September 10, 1999 draft revised NPCC Membership Agreement shall be sent to Mr. Gioia, who will address them with the

NPCC, through the NPCC counsel at LLG&M - **AI #6-12**.

4.0 Proposed NERC Legislation

The Committee discussed issues regarding the draft NERC/NAERO legislation which is part of an electric restructuring bill being pushed at the federal level to standardize how reliability rules are to be established and implemented throughout the country. Mr. O'Neal scheduled a meeting with PSC Staff who were supportive of modifications to NARUC's state's savings clause, which was agreed to by NERC. Mr. Gioia noted that LLG&M is pursuing a meeting with the House Subcommittee to discuss the NYSRC's concerns with the proposed legislation. Mr. Casazza distributed a September 13, 1999 Electric Utility Week article regarding the proposed legislation, along with draft IEEE comments.

5.0 NYPP/NYISO Y2K Contingency Plan

Mr. Adams distributed copies of the NYPP Y2K Contingency Preparedness Plan, Draft 3 dated June 30, 1999 to the Committee, along with the NYPP System Operations Advisory Subcommittee ("SOAS") Y2K Operating Strategy, dated September 15, 1999. NYPP Staff will present a summary of the documents at the next Committee meeting - continuation of **AI #5-20**.

6.0 Reliability Rules Subcommittee

6.1 Subcommittee Status Report

During the Open Session, Mr. Clayton provided a status report on the activities of the Reliability Rules Subcommittee ("RRS"), noting that the RRS has discussed the development of procedures for reviewing, modifying, and adding to the Initial Reliability Rules. The RRS is developing a draft scope of these procedures.

Mr. Clayton also noted that the RRS will be restructuring the format of the Initial Reliability Rules to be in accordance with the new NERC format, which will also be adopted by the NPCC. Mr. Clayton reported that Mr. Eng, who is Chairperson of the NERC/NPCC committee working on the NERC standards and the liaison between the NYSRC and NPCC, provided a status report on the NPCC task force activities at the last RRS meeting.

6.2 Reliability Rules - Status

During the Closed Session, the Secretary distributed copies of the draft transmittal letter to FERC and the Initial Reliability Rules to be filed at FERC and the PSC. Mr. Clayton provided minor comments to be incorporated into the Initial Reliability Rules.

The Secretary noted during the Open Session that the Initial Reliability Rules will be filed with the FERC and PSC within 7 - 10 days, and will also be posted on the NYISO website initially, until the NYSRC website is established - continuation of **AI #4-20 & 21**.

6.3 RRS Discussion Issues

Mr. Clayton noted during the Open Session that the Initial Reliability Rules will be thoroughly reviewed by the RRS and modifications shall be proposed to the Committee that will be in accordance with the new NERC format for reliability rules.

6.4 Installed Capacity Working Group

- i. Status Report** - Mr. Cordeiro reported during the Open Session that the Installed Capacity Working Group (“ICWG”) met on September 21, 1999, and are scheduled to next meet on October 7, 1999. Mr. Cordeiro noted that the ICWG reviewed the GE MARS model to be used by the NYISO for the studies that need to be completed to determine the New York Control Area installed capacity requirements for the Summer 2000 Capability Period. The Committee reviewed and approved the proposal to retain NYISO staff to complete these studies and the ICWG is preparing a draft letter to the NYISO requesting commencement of the studies. Mr. Cordeiro noted that the ICWG plans to complete modeling scenarios for these studies by the end of October. Mr. Casazza noted that he has raised several concerns and questions regarding the data used and assumptions made in the studies and would like to see answers to his questions. The Committee agreed that the ICWG shall provide a summary of the assumptions to be used in the studies - **AI #6-13**.
- ii. White Paper on Resource Adequacy Assessment** - Mr. Adams had nothing more to report beyond what had already been reported under the item **i.** above.

7.0 Compliance Monitoring Subcommittee

7.1 Subcommittee Status Report

No report was given for the Compliance Monitoring Subcommittee (“CMS”).

8.0 System Adequacy Studies

8.1 NYPP Operations Analysis for July 6, 1999

8.2 NYPP Analysis of System Voltages During Summer Peak Load Conditions

During the Open Session, Mr. Adams noted that the report titled, “NYPP Operations Analysis For July 6, 1999,” which incorporates the information provided in the “NYPP Analysis of System Voltages During Summer Peak Load Conditions,” will be posted on the NYISO Website

in the next few days.

8.3 Status of Additional Studies

Mr. Adams noted during the Open Session that the NYPP Transmission Planning Advisory Subcommittee (“TPAS”) will be initiating a study on reactive support and voltage analysis. Mr. Casazza recommended that TPAS should review what happened during the summer peak load conditions and the causes of the problems incurred. TPAS shall develop a study scope to be presented at the next Committee meeting - **AI #6-14**.

9.0 Other Issues

9.1 Reimbursement of NYISO Studies Conducted for the NYSRC

The Committee discussed and agreed that the costs associated with any studies conducted by the NYISO, at the request of the NYSRC, shall not be reimbursed by the NYSRC. Mr. Bolbrock shall discuss this issue with Mr. Museler - **AI #6-15**.

9.2 Reliability Risk

The Committee discussed the proposed Millennium Gas Pipeline Project and its potential impact on reliability. Mr. O’Neal shall report on the status of the project at the next Committee meeting - **AI #6-16**. The Committee agreed that it must proceed cautiously when deciding whether to become an active party in any regulatory proceedings regarding proposed projects involving reliability of the electric system.

10.0 Meeting Schedule

The Committee was informed that the NPCC Boardroom was not available on December 8, 1999 for Meeting #8. The Committee agreed to change the date for Meeting #8 to December 6, 1999 at the NPCC Offices in New York City. The Committee also chose a date for the January meeting.

The following are the scheduled dates and locations for future Committee meetings:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#7	Nov. 4	NYPP Power Control Center, Guilderland	9:30AM
#8	Dec. 6	NPCC Offices, New York City	10:00AM
#9	Jan. 11	NPCC Offices, New York City	10:00 AM

The Secretary will contact the NYPP and NPCC to make arrangements and will prepare and issue

the agenda for the meetings - **AI #6-17**.

The Committee Meeting No. 6 was adjourned at 2:55 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: November 4, 1999