

**Minutes**  
**New York State Reliability Council (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 7 - November 4, 1999**  
**New York Power Pool - Power Control Center - Guilderland, N.Y.**

**Members and Alternates:**

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
John A. Casazza	Unaffiliated Member
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John Hauber	Rochester Gas & Electric Corporation (“RG&E”)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond	Niagara Mohawk Power Corporation (“NMPC”)
Mayer Sasson	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 - Acting Treasurer
Paul L. Gioia *	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - Legal Counsel
Keith O’Neal	New York Public Service Commission (“PSC”)
Frank J. Vitale	Consultant

\* - Denotes in attendance only part time and by phone.

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

**1.0 Introduction**

Mr. Bolbrock introduced two new members of the Committee, Mr. John Hauber, representing RG&E and Mr. Roger Clayton, representing the Wholesale Sector, along with Mr. Frank Vitale who will be providing consulting services to the Committee. Mr. Bolbrock and the entire Committee moved, seconded, and unanimously voted to thank Mr. Bob Podlena and Mr. Tim Bush for serving on the Committee.

**2.0 Approval of October 6, 1999 Minutes - Meeting No. 6**

After Committee discussion, Mr. Mennerich moved that the Minutes from Meeting No. 6 be

approved as modified, which was seconded by Mr. Raymond, and carried unanimously by the Committee. The Secretary will issue the final minutes for Meeting No. 6 - **AI #7-1**.

## **2.1 Action Items List**

A revised Action Items List dated November 4, 1999, was distributed to the Committee.

## **3.0 Organizational Issues**

### **3.1 NYSRC Certification of Formation, Application of Authority**

The Secretary reported that Mr. Gioia completed the filing of both documents and that the NYSRC was formed as a Delaware L.L.C. on October 7, 1999. On October 29, 1999, the NYSRC was qualified to do business in New York State.

### **3.2 NYSRC Draft Operating & Reimbursement Agreements**

The Secretary reported that Mr. Gioia is incorporating the minor comments received on both documents into final drafts and will issue execution copies upon completion. Three Committee members have not provided the names of the individuals who will be executing the documents to Mr. Gioia. In addition, the Wholesale Sector has not informed Mr. Gioia whether they will be signing the Operating Agreement. This information shall be submitted to Mr. Gioia so that the agreements can be finalized and execution copies can be sent out for signature - **AI #7-2**.

### **3.3 NYSRC Start-up Date & Issues**

The Secretary reported that the NYISO issued a statement on November 3, 1999 stating that the NYISO will commence operation on November 18, 1999. The Committee discussed the revisions to the ISO/NYSRC Agreement distributed by LLG&M through the Secretary on October 27, 1999. Mr. Casazza moved that the revisions be approved by the Committee, which was seconded by Mr. Mennerich and carried unanimously by the Committee.

### **3.4 Tax Issues**

The Secretary noted that Mr. Gioia has instructed Mr. Kenworthy of LLG&M to schedule a pre-submission conference with the Internal Revenue Service ("IRS") to discuss the NYSRC and its responsibilities - continuation of **AI #5-8**. Mr. Kenworthy has also discussed the tax exempt issues with Urbach Kahn & Werlin PC ("UK&W").

### **3.5 Legal Counsel**

The Secretary reported that no progress was made by Mr. Gioia on **AI #5-9** to prepare and submit a draft agreement to the NYSRC Officers. Mr. Adamson reported that Mr. Gioia provided a forecast of \$25,000 per month for November and December 1999, for NYSRC legal expenses. Mr. Adamson also noted that Mr. Gioia's NYSRC legal expenses to date have been

included in LLG&M's NYISO transition invoices and have not been broken out. The Committee agreed that a breakdown of the NYSRC legal expenses to date shall be provided by Mr. Gioia in order to determine a budget for legal expenses in 2000. Mr. Bolbrock and Mr. Adamson will pursue with Mr. Gioia - **AI #7-3**.

### **3.6 Financial Issues**

#### **a. Accounting Firm**

Mr. Bolbrock reported that no progress was made in scheduling a second meeting with UK&W to discuss NYSRC expenses and accounting issues - continuation of **AI #6-6**.

#### **b. Funding Mechanism**

The Secretary noted that on November 2, 1999, Mr. Gioia distributed the draft FERC filing to revise the various ISO and NYSRC tariffs and agreements to include the proposed NYSRC funding mechanism. The Committee discussed the draft and agreed that the limit on the annual dues of the Committee affiliated Members will be \$5,000, and that a statement be added to indicate that the NYSRC's preliminary 2000 budget is \$550,000. The Committee shall provide any additional comments by November 8, 1999, to the Secretary, who will forward all comments to Mr. Gioia - **AI #7-4**. Mr. Bolbrock moved that Mr. Gioia proceed to file the document at FERC, as amended by the Committee, which was seconded by the Secretary and carried unanimously by the Committee.

Later in the meeting, Mr. Gioia noted that he would attempt to obtain support from the NYISO before filing the document at FERC. The NYISO has indicated that if asked by FERC, they will not oppose the funding mechanism proposal. Mr. Gioia also stated that the filing will state that the funding mechanism will be effective immediately, as long as this is not opposed by the NYISO. Mr. Gioia was requested to notify the Committee when the filing is made at FERC.

#### **c. NYSRC Treasurer's Report - Expenses, '99 Budget**

Mr. Adamson distributed and summarized the Treasurer's Report on the NYSRC expenses for 1999, along with the draft call for funds. The Committee discussed both documents and suggested minor revisions to be incorporated by Mr. Adamson. Since the NYISO cutover date will be two weeks after the November 18<sup>th</sup> commencement of operation, the NYSRC expenses will no longer be covered under the NYISO Transition Costs and the NYSRC will be responsible for all expenses starting around December 1, 1999. Mr. Clagett moved that Mr. Adamson be authorized to issue the call for funds to be due on the date the NYISO cutover is completed. The motion was seconded by Mr. Casazza and carried unanimously by the Committee. Mr. Adamson shall issue the call for funds, along with the revised Treasurer's Report on the 1999 NYSRC expenses - **AI #7-5**.

The Committee also discussed the 2000 budget and the need to discuss staffing, consultants, legal expenses, and other expenses, along with the need for a permanent Treasurer position. For the

next Committee meeting, Mr. Adamson will review the NYSRC Functional Responsibilities document to determine what other expenses may be incurred in the completion of the NYSRC responsibilities - **AI #7-6**.

### **3.7 Insurance Requirements/Consultant**

The Secretary reported that a contact was made with Austin & Company, a local insurance carrier recommended by UK&W to obtain a short-term Director's & Officer's liability insurance policy (1 year maximum). An application form was received by the Secretary and will be forwarded to Mr. Gioia for completion - continuation of **AI #6-9**. Each Committee Member shall confirm that adequate liability coverage is provided by their respective organizations for any litigations as a result of their participation on the NYSRC - **AI #7-7**. Mr. Gioia shall request LLG&M insurance counsel to provide a summary of the coverage required for the Committee Members, including the three affiliated, non-Transmission Owner Sector Representatives, who may not have any liability coverage through their respective organizations - **AI #7-8**.

### **3.8 Selection of New Unaffiliated Member**

Mr. Loughney distributed and summarized a November 3<sup>rd</sup> document from the Nominating Committee on their activities completed to fill the vacancy created by the Con Edison/O&R merger. The Committee discussed the candidates interviewed. Mr. O'Neal and Mr. Haase both requested that the minutes reflect that they did not participate in the discussions or the voting process. Mr. Sasson moved that one of the candidates be selected for the third unaffiliated position, which was seconded by Mr. Loughney. The Committee then discussed and agreed to use the voting process detailed in Section 4.08 of the NYSRC Operating Agreement and Mr. Sasson and Mr. Loughney agreed to withdraw their motion. The Committee completed the voting process and unanimously affirmed the selection of Mr. George Loehr as an Unaffiliated Member of the Committee. Mr. Loughney will contact Mr. Loehr to offer him the position, and upon his acceptance, will notify the unsuccessful candidates by letter - **AI #7-9**. During the Open Session, Mr. Bolbrock announced that the Committee had selected a new Unaffiliated Member.

Later during the meeting, Mr. Sasson suggested that in the future when an Unaffiliated Member must be selected, and the candidates include an individual who has worked closely with a member(s) of the Committee, that Committee member(s) shall be asked to leave when discussions of the candidate occur. The Committee agreed to Mr. Sasson's suggestion.

### **3.9 Committee Code of Conduct/Draft Openness Policy**

Mr. Gioia reported that no progress was made on this item since the last meeting - continuation of **AI #4-15**. The Committee will need to develop a policy for the handling of confidential

documents and to address the type of work and clients the Unaffiliated Members and consultants to the Committee can take on while serving on or for the Committee.

During the Open Session, Mr. Clayton reported that the Reliability Rules Subcommittee (“RRS”) advanced the development of the openness policy to address the handling of all NYSRC activities, including what documents can be published - continuation of **AI #6-10**.

### **3.10 Communication/Coordination with NYISO, NPCC, NERC**

The Committee discussed Mr. Casazza’s summary dated October 29, 1999 regarding his concerns regarding inconsistencies and a duplication of efforts between the NYPP/NYISO, NPCC, NERC and the NYSRC, and how the NYSRC should interface with these other organizations. Mr. O’Neal noted that the NYISO Operating Committee has requested that he provide a brief summary of NYSRC activities at future meetings. The Committee agreed to Mr. O’Neal’s proposal to circulate bullet items to the Committee prior to presenting them at the NYISO Operating Committee meetings. Mr. Bolbrock noted that he will be scheduling a meeting of the NYSRC Committee and Subcommittee Chairpersons, the NYISO, and NPCC to discuss coordination of all activities - **AI #7-10**.

### **3.11 NYSRC Website Status**

The Secretary reported that the website consultant, Communication Works, was contacted and is in the process of setting up the NYSRC website.

### **3.12 Revised NPCC Membership Agreement**

The Secretary reported that Mr. Gioia did not submit Mr. Casazza’s comments on the September 10, 1999 draft revised NPCC Membership Agreement, which were transmitted to the Committee on October 22, 1999. The Secretary also noted that the NPCC issued a final draft requesting votes on acceptance of the revised document by November 3, 1999. The NYSRC did not submit a vote on the acceptance of the document. The Committee discussed and agreed that Mr. Casazza’s proposed revisions to the NPCC Membership Agreement should be considered for incorporation into the document. Mr. Bolbrock will request that Mr. Gioia pursue whether revisions can be incorporated into the document now or in the next revision - **AI #7-11**.

### **3.13 Millennium Gas Pipeline Project Status**

Mr. O’Neal provided a status report to the Committee noting that revised study results are expected from the project developers in the near future. Mr. O’Neal also noted that the PSC submitted comments in June 1999 opposing a section of the gas pipeline being installed in the right-of-way of 4 major 345kV Con Edison transmission lines. Mr. Gioia shall check whether it

is too late for the NYSRC to be a party and/or to file comments in the proceeding - **AI #7-12**. 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.

#### **4.0 Proposed NERC Legislation/NYS Assembly Legislation**

##### **4.1 NERC Legislation**

Mr. Gioia reported that LLG&M was successful in getting language added to the draft NERC/NAERO legislation, recognizing the NYSRC as an affiliated regional reliability entity (“ARRE”), enabling it to propose regional reliability standards. However, NARUC’s state’s savings clause has not been included in the legislation. Mr. Bolbrock shall contact Mr. Landgraf of LLG&M to coordinate efforts on the legislation and to schedule a meeting with the House Subcommittee to discuss the NYSRC’s concerns with the proposed legislation - **AI #7-13**.

##### **4.2 NYS Assembly Statewide Reliability Study**

The Committee discussed the legislation passed by the NYS Assembly requiring the completion of a statewide reliability study, starting in 2000, along with the role the NYSRC should have. Mr. Bolbrock reported that the Governor’s office contacted him regarding a meeting on the study, scheduled for November 15, 1999. Mr. Gioia shall contact Peter Smith of NYSERDA concerning the NYSRC’s involvement in the study - **AI #7-14**. Mr. O’Neal shall ask the PSC what role the NYSRC should play in this study - **AI #7-15**.

#### **5.0 NYPP/NYISO Y2K Contingency Plan**

The Committee did not discuss this Agenda item regarding the NYPP Y2K Contingency Preparedness Plan.

#### **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 is currently working on five items: (1) the development of procedures for reviewing, modifying, and adding to the Initial Reliability Rules - the Committee discussed and provided comments on the draft procedures. The RRS shall incorporate the comments into a final draft to be sent to the Committee two weeks prior to the next meeting - **AI #7-16**. (2) Installed Capacity Working Group (“ICWG”) Draft Scope - Mr. Clayton moved to approve the draft ICWG Scope, which was seconded by Mr. Raymond, and carried unanimously by the Committee. Mr. Adamson will issue the final ICWG Scope approved by the Committee - **AI #7-17**. (3) Draft Installed Capacity Reliability Model and Assumptions - see Item 6.4 below. (4) NERC/NPCC Compliance - the RRS has received the NERC reliability rules format and the NPCC exceptions, and is currently working on the NYSRC

exceptions. (5) Draft NYSRC Openness Policy - see Item 3.9 above.

## **6.2 Reliability Rules - Status**

The Secretary noted during the Open Session that the Initial Reliability Rules were filed with the FERC on October 18, 1999, and were posted on the NYISO website on October 19, 1999. Mr. Adams reported that a market participant has submitted comments on the Initial Reliability Rules regarding the Installed Capacity requirements. Mr. Adams shall forward the comments to the Secretary for distribution to the Committee - **AI #7-18**.

## **6.3 RRS Discussion Issues**

Mr. Clagett noted during the Open Session that the Initial Reliability Rules need to be expanded to include system incident reporting and investigation, contingency/emergency conditions, planning responsibilities, etc. Mr. Casazza concurred and also stated that he would like to know how many times this past summer the NYPP was in an emergency state. He also noted that NERC is reviewing its Transmission Load Relief Policy in light of the summer problems.

## **6.4 Installed Capacity Working Group**

- i. Status Report** - Mr. Cordeiro reported during the Open Session that the Installed Capacity Working Group (“ICWG”) developed the Draft Installed Capacity Reliability Model and Assumptions, dated November 1, 1999. The Committee shall review the draft document and provide comments to Mr. Cordeiro by November 12, 1999 - **AI #7-19**. Mr. Cordeiro noted that the ICWG progressed Phase 1 of the studies that need to be completed to determine the New York Control Area installed capacity requirements for the Summer 2000 Capability Period. Mr. Cordeiro noted that the ICWG plans to complete Phase 1 of the studies by the next meeting and complete all activities in accordance with the original schedule.
- ii. White Paper on Resource Adequacy Assessment** - Mr. Adams noted that the issues that were to be addressed in the White Paper are being incorporated into the ICWG’s study report.

## **7.0 Compliance Monitoring Subcommittee**

### **7.1 Subcommittee Status Report**

No report was given for the Compliance Monitoring Subcommittee (“CMS”). Mr. Bolbrock requested that candidates for the position of CMS chairperson be submitted to him.

## **8.0 System Adequacy Studies**

### **8.1 Status Report on NYPP Studies**

Mr. Adams noted during the Open Session that the NYPP Transmission Planning Advisory Subcommittee ("TPAS") will be developing a scope for a study on reactive support and voltage analysis for the next Committee meeting - continuation of **AI #6-14**. Mr. Adams also noted that an additional study of the July 6, 1999 incident is being initiated to look at the contingency for the loss of Ravenswood generation.

### **9.0 Meeting Schedule**

The Committee agreed to change the date for Meeting #9 to January 11, 2000 at the NPCC Offices in New York City. The Committee also chose a date for the February meeting. The following are the scheduled dates and locations for future Committee meetings:

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

The Secretary will contact the NYPP and NPCC to make arrangements and will prepare and issue the agendas for the meetings - **AI #7-20**.

The Committee Meeting No. 7 was adjourned at 3:50 PM.

Completed By: Joseph C. Fleury - Secretary  
Final Issue Date: December 8, 1999