

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 45 – January 10, 2003**  
**NYISO Office, 290 Washington Ave. Extension – Albany, 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
Curt Dahl	KeySpan Energy – LIPA – Alternate
Thomas C. Duffy	Central Hudson Gas & Electric
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
George C. Loehr	Unaffiliated Member
Michael B. 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
Michael Calimano	NYISO*
Paul L. Gioia	LeBoeuf Lamb Greene & MacRae (“LLG&M”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“NY DPS” or “PSC”)
Howard A. Tarler	PSC
Frank J. Vitale, P.E.	Consultant*

**Visitors – Open Session:**

Richard B. Miller	New York City Economic Development Corp – by phone
Bart Franey	National Grid, USA
Matthew Mahoney	Hunton & Williams

“\*” – 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.

**1.2 Requests for Additional Agenda Items** – The Committee approved the agenda with no additional items.

**1.3 Executive Session Topics** – The Committee conducted an Executive Session following the Open Session to discuss electric system security. See action items – **AI #45-12 & 13.**

## **2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 44 (December 13, 2002)** – After brief discussion by the Committee, it was moved (Mr. Smith) and seconded (Mr. Loehr) that the Committee approve the Revised Draft Minutes for Meeting No. 44 without modification. The motion was approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue the final minutes for Meeting No. 44 and post them on the NYSRC web site – **AI #45-1.**

**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 to the Committee.

**i. Summary of Receipts & Disbursements** – Mr. Adamson presented the December 2002 Summary of Receipts and Disbursements, noting that as of December 31, 2002, the NYSRC had a cash balance of approximately \$88,000. Mr. Adamson reported that \$77,500 of the \$165,000 in 2003 Membership Fees and first quarter assessments has been submitted by the Affiliated Members in response to the Call for Funds sent out on December 15, 2002.

**ii. Accounting Services Contract** – Mr. Adamson reported that Urbach Kahn & Werlin LLP (“UK&W”) is willing to meet with the Treasurer, Secretary and a representative from National Grid, USA to discuss and review the processes used by UK&W for recognizing the separation of the accounting and auditing functions provided to the NYSRC by UK&W. The current fees charged by UK&W for the accounting and auditing services provided to the NYSRC will also be discussed. Mr. Schrayshuen noted that Mr. Dan Zeppetello of National Grid’s Internal Audit Department will participate in this meeting. Mr. Adamson shall schedule the meeting with UK&W – **AI #45-2.**

## **3.2 Other Organizational Issues**

**i. Director’s & Officer’s (“D&O”) Insurance Coverage** – Mr. Gioia reported that Marsh, the insurance consultant, expects to receive a quote from AEGIS to renew the NYSRC’s D&O insurance coverage in early February. Marsh is obtaining quotes from other insurance providers. The Committee will discuss and act on the issue after the quotes are received from Marsh.

**ii. Openness Policy** – The Committee discussed the email received from Mr. J. Elder regarding posting draft documents prior to Subcommittee meetings. The Committee agreed not to revise the NYSRC Policy No. 2, however, they agreed to provide additional information on the Subcommittee meeting agenda to identify

documents to be discussed at the meetings and note what action is to be taken on the agenda items. The Secretary shall prepare and issue a response to Mr. Elder – **AI #45-3.**

#### **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 January 7, 2003. The next RRS meeting is scheduled for February 6, 2003.

#### **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 current List of Potential Reliability Rules Changes, briefly reviewing the status of PRRs #8, 29, 46, 50, 52, 55, 56, 57 and 58.

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

**1. PRRs for Final EC Approval:** None.

**2. PRRs for EC Approval to Post for Comments:** – Mr. Clayton discussed PRR #50 and moved that it be approved by the Committee for posting on the web site for review and comments. This Reliability Rule was originally approved on an expedited basis and is now being proposed as a permanent rule. The motion was seconded (Mr. Schrayshuen) and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #50 on the web site for the 45 day comment period – **AI #45-4.**

**c. NPCC & NERC Criteria Tracking Program** – Mr. Clayton reported that RRS submitted comments on NPCC document A-2, which was authorized by the Committee at Meeting No. 44. Mr. Clayton shall send the comments submitted to the Committee.

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

**i. NPCC Document A-6** – Mr. Calimano of the NYISO and the Committee discussed NPCC Document A-6 which was approved with major revisions to the requirement to replenish reserves. The Committee agrees that the NYISO should continue operating under the current, more stringent NYSRC Reliability Rule requirements. Mr. Clayton noted that the RRS is drafting PRR #46 to revise the existing rule, however, the more stringent requirement will remain. Mr. Calimano noted that the NYISO will get involved in the reserve replenishment issue and PRR #46.

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

**5.1 ICS Status Report & Discussion Issues** – Mr. Dahl reported that the Installed Capacity Subcommittee (“ICS”) has been meeting regularly by conference call to review study results and prepare the final draft of the 2003-2004 NYCA Installed Capacity Requirements (“ICR”) report, which was sent to the Committee for approval on January 3, 2003.

**5.2 2003–04 NYCA Installed Capacity Requirement Technical Study Draft Report** – Mr. Dahl reported on the status of 2003-04 NYCA ICR study and final report and the efforts of the ICS in completing the report. Mr. Dahl noted that minor revisions and additions were made to the final report issued to the Committee on January 3, 2003. Mr. Dahl reviewed the revisions, along with the Executive Summary and assumptions, and answered several questions from the Committee. The ICS had a consensus on the text of the Final Report, however, no vote was taken on the NYCA installed reserve margin (“IRM”) requirement.

The Committee discussed the base case assumptions leading to a base case IRM of 17.5%, along with the sensitivity study results. Mr. Franey of National Grid, USA reviewed some of the points raised in his January 7, 2003 letter to the Committee regarding the IRM studies. Mr. Adams distributed and discussed his January 10, 2003 letter to the Committee responding to questions and issues raised in Mr. Franey’s letter. Mr. Adams’ letter also stated that the NYISO recommends that the IRM requirement not be lowered from the current 18%. Both letters from Messrs. Franey and Adams shall be attached to the Meeting Minutes as Attachments 1 and 2 respectively. The Committee also requested that Mr. Adams and the NYISO provide actual 2002 results for the emergency operating procedure measures listed in Table B-2 of the Final Study Report. The actual results will not be included in the Final Study Report – **AI #45-5**.

After considerable discussion by the Committee, a motion was made by Mr. Bolbrock and seconded by Mr. Ellsworth that the Committee adopt the Resolution attached to the Meeting Minutes as Attachment 3, setting the NYCA IRM requirement at 18.0% for the May 1, 2003 through April 30, 2004 capability year. The motion was passed by the Committee with eleven (11) Members (Messrs. Bolbrock, Clayton, Ellsworth, Clagett, Cordeiro, Fleury, Haase, Duffy, Loehr, Sasson, and Smith) voting in favor of the motion and two (2) Members (Messrs. Schrayshuen and Mager) voting against the motion. The following action items were assigned by the Committee: (1) the Secretary shall finalize the Resolution passed by the Committee and forward to Mr. Dahl for inclusion in the Final Study Report – **AI #45-6**; (2) Mr. Dahl and NYISO Staff shall finalize the Study Report and forward to the Secretary for posting on the NYSRC web site - **AI #45-7**; (3) the Secretary shall prepare, submit to the Committee for comments, and finalize the transmittal letter, send the Final Study Report to the NYISO, and post the Final Study Report on the NYSRC web site - **AI #45-8**; and (4) Mr. Loehr and the Secretary shall prepare, submit to the Committee for comments, finalize, and issue a Press Release - **AI #45-9**.

The Committee unanimously passed a motion directing Mr. Clagett to send a letter to all individuals involved in the preparation of the Final Study Report, recognizing their efforts. The Committee also agreed to discuss the lessons learned from this years IRM study at the March 14, 2003 Committee meeting.

## **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 January 9, 2003. He

reviewed the RCMS discussion topics. RCMS is scheduled to meet again on February 13, 2003.

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

- i. 2002 NYRCP Responsibilities & Milestones (“Score card”)** – Mr. Loehr briefly summarized the Final 2002 Responsibilities & Milestones document showing the completion of all 2002 assessments. A brief report summarizing the 2002 NYRCP will be prepared and submitted to the Committee by the February meeting.
- ii. 2003 NYRCP Assessments** – Mr. Loehr reported that the RCMS has prepared a draft 2003 Compliance Review Program and will submit the program to the Committee at either the February or March meeting.

## **6.3 Other RCMS Issues**

- i. Review of PRRs** – Mr. Loehr reported that the RCMS reviewed the draft PRR #50 prepared by RRS and prepared compliance template elements. (See Agenda Item 4.2 i. b.2).

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

**7.1 NYISO Transmission Reliability Study** – There was nothing new to report.

**7.2 Reactive Resource Adequacy Study** – There was nothing new to report.

**7.3 NYSERDA/NYISO Gas Study** – There was nothing new to report.

**7.4 Other Studies** – There was nothing new to report.

## **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 reported that with the Republicans heading up both the House and Senate, there is a renewed effort to get the energy legislation passed in 2003. Mr. Gioia is preparing a memo to the Committee summarizing LLG&M’s review of the draft legislation to identify any text that could impact the NYSRC – continuation of **AI #44-4**.

**8.3 NYISO Operations Report** – The Secretary distributed an updated summary through December 2002. In addition, Mr. Calimano of the NYISO noted that NYISO staff and the NYISO Operating Committee are addressing the three (3) operating concerns raised by LIPA and presented to the Committee at the last meeting – (1) misuse of contingency reserve for regulating reserve; (2) inadequate emergency response; and (3) increased operation of the NYS system outside of the Normal State. Mr. Calimano also noted that the NYISO is preparing a response to the November 12, 2002 letter from the NYSRC regarding non-ICAP generator obligations during emergencies.

- 8.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth noted that there was nothing new to report on the latest NAESB activities.
- 8.5 FERC SMD NOPR** – Mr. Gioia reported that the NYSRC was filing comments on January 10, 2003 on the FERC Resource Adequacy proposal in the SMD NOPR proceeding. The current schedule requires the filing of Reply Comments at FERC by February 17, 2003. The NYSRC will need to review comments filed at FERC and determine prior to the February 14, 2003 Committee meeting whether the NYSRC should file Reply Comments. Mr. Gioia shall review the comments filed and provide an update to the Committee – **AI #45-10**.
- 8.6 NYSRC Progress Report** – Mr. Adamson reported that a draft NYSRC Progress Report was submitted to the Committee for comments, however no comments were received. Mr. Adamson shall add descriptions to the NYSRC accomplishments and send out to the Committee for review and comments by February 14, 2003 – continuation of **AI #44-6**.
- 8.7 Request for New Reliability Rule** – Mr. Sasson requested the RRS, ICS and RCMS to consider whether a new Reliability Rule is required to ensure that generators are following industry standards and “Good Utility Practice” regarding maintenance of the generating facilities – **AI #45-11**.

**9.0 Visitor Comments**

Mr. Franey thanked the Committee for the ability to participate in the meeting. Mr. Tarler stated that the PSC continues to have a strong interest in reliability and that he will report back to the PSC that there was a step forward in maintaining reliability in NYS and in the analytical procedures followed in completing the 2003/04 IRM studies.

**10.0 Meeting Schedule**

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#46	Feb. 14, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#47	March 14, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#48	April 11, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 45 was adjourned at 2:30 P.M.

Completed By: J.C. Fleury – Secretary  
 Final Issue Date: February 16, 2003

**ATTACHMENT NO. 1**

January 7, 2003

Joseph C. Fleury, Secretary NYSRC  
c/o New York State Electric & Gas Corporation  
P.O. Box 3607  
Binghamton, NY 13902-3607

Dear Mr. Fleury:

Enclose please find a list of concerns prepared by National Grid USA (National Grid) regarding installed reserve margin (IRM) studies. So as to not hold up the immediate need for the IRM study in the next capability period, National Grid requests that the New York State Reliability Counsel (NYSRC) address these requests prior to performing its studies of the statewide IRM for 2004/2005.

If you wish to discuss any of our concerns, please feel free to call me at 315-428-5136.

Sincerely,

Bart D Franey  
Strategic Planner  
Niagara Mohawk, a National Grid Company

Enclosure

Xc: H. Schrayshuen  
W. J. Yeomans

IRM Study Questions  
Prepared by National Grid USA

NPCC CP-8 databases.

The recommended CP-8 database for the 2003/2004 IRM study reportedly produced too low of an IRM. The ICS, therefore, reverted to last years recommended CP-8 database. Because the difference in IRM between case 2,3, and 4 of the 2003/2004 IRM study is small (i.e., <1% IRM). National Grid believes that the model is not as sensitive to the number of peak days as it is to the treatment of peak day modeling of externals. National Grid is concerned that treatment of the CP-8 data or modeling of external ties is incorrect (E.g., is it reasonable to assume that all external area peaks are coincidental with New York). Therefore, National Grid requests that the NYSRC rerun the 2003/2004 study using the NPCC recommended databases for the applicable year as way to identify and correct any external modeling errors.

The IRM requirement for Upstate

Because the addition of Athens (1080 MWs in the Capital Zone) has no effect on the IRM, and the loss of 1000 MW of imports from HQ has the same effect on the IRM as the loss of 127 MW import from PJM, National Grid believes that the IRM requirement for upstate is too conservative. Moreover, National Grid believes that 1080 MW of generation does impact the IRM if it were sited in areas where capacity is needed. Therefore, we request that the NYSRC perform the following sensitivities;

- 1) The effect on the IRM if Athens were built in NYC
- 2) Upstate NY isolated IRM (using the LOLE requirement)
- 3) Upstate NY locational IRM (using the LOLE requirement, separate upstate from downstate, but maintain external ties)

Load Shape

National Grid would like to see statistics of annual loads for the last 10 years, or whatever time frame is available.

Included in these statistics should be the average number of annual peak hours and annual peak days (i.e., number of hours and days where the load was greater than or equal to 95% of the actual annual peak load) and a measure of two standard deviations from the average.

IMO assistance to NYCA .

National Grid believes that New York may benefit from IMO assisting PJM using the New York system. Also, the additional tie with Canada should reduce the probability/effect of loosing the 1000 MW of assistance from HQ. Therefore, National Grid requests the NYSRC include import capacity from the IMO in the next IRM study.

## ATTACHMENT NO. 2

To: NYSRC Executive Committee

From: J. M. Adams

Date: January 10, 2003

Subject: Response to question and issues raised by National Grid regarding the installed capacity requirements study.

Attached you will find responses prepared by the NYISO to questions and issues raised by National Grid in regards to the installed capacity requirements study.

Further, the NYISO recommends that the installed reserve margin (IRM) which is currently 18% not be reduced based on the most recent installed capacity requirements study. It would not be prudent at this time to reduce installed reserve requirement because of the following concerns:

1. The current study baseline result of 17.5% is the result of a major modeling change that the NYISO believes is most likely over optimistic. That is, the modeling of special case resources (SCR) and the emergency demand response program (EDRP) as an emergency operating procedure (EOP). The inclusion of these resources as EOP raised the load relief measure available as EOP from 1200 MW in last years study to 1987 MW this year. Since the model can draw on EOP any time it needs it, the load relief are the equivalent to perfect capacity – i.e., capacity with 100% availability. This is equivalent to over a 2000 MW of installed capacity benefit. Operating experience with these resources is too limited to model these resources in such an optimistic manner.
2. If EDRP was counted as resource, the installed reserve margin would increase to 18.7%.
3. Based on the 99% confidence limit, the study result of 17.5% is statistically no different from 18%.
4. The NY market is still an evolving and an immature market.

Your consideration regarding this matter will be greatly appreciated.

Respectfully submitted,

J. M. Adams

### Response to NPCC CP-8 databases issues:

In regards to the CP-8 data base, this database was updated early last year. In updating the load model, each area was allowed to provide whatever load shape best represented its area. The result was a load shape models for each area that had no chronological consistency. Thus, the diversity between areas was overly optimistic and resulted in optimistic tie benefits. Even NPCC has recognized this and has returned to the 95 chronology for its base case analysis for this year.

The model is both sensitive to the load shape in terms of the numbers of hours of exposure to higher load levels and the level of load diversity that exist between NY and the neighboring control areas. In general and subject to transmission constraints, the more load diversity that exist between areas the more assistance that can be provided by the external area. However, MARS is a transportation type model and does not recognize flow constraints. In addition, the external areas are modeled as single areas. The result of this is that the external areas generators look like they are tied to a single bus that is tied directly to the NY interface.

The model has 8000 MW of total transfer capability between NY and its neighbors. If available, the model would try to utilize all it. The only constraint would be the internal transmission constraints. The bottom line is that the model can be very sensitive to changes in the load model with respect to the diversity that exist between NY and neighboring areas. The tie benefit can swing from a 5% to 6% benefit to as high as 10% to 12%. In terms of equivalent capacity, the 5%-6% range represents approximately 2000 MW of equivalent capacity and the 10%-12% represents upwards of 4000 MW of equivalent capacity. The NYISO believes that a number in the 2000 MW range is reasonable for IRM purposes especially given that slightly in excess of 2000 MW of ICAP is allowed to be purchased externally.

### Response to the IRM requirement for Upstate issues:

In Table B-1, the sensitivities 11 through 14 (no emergency assistance from) are designed to determine to what extent the loss of emergency assistance from an area can be made up from other areas. It does not necessarily mean that there is no emergency assistance being provided by that area. The capacity changes you cite is the amount of ICAP that is modeled as in those external areas and must be internalized when the tie is cut.

In terms of the impact of any one unit addition on the IRM, the more important factor is how the particular unit affects the mix of units and the overall system average availability of all the generating units. Placing the Athens unit in NYC and calibrating the IRM to the .1 days per year could raise or lower the IRM. For new units, the NERC class average availability is used. My best guess is that placing a large unit into a mix of mostly small units and using a NERC class average availability, which for the most recent year of data is higher than that of the NY units, would raise the IRM.

Areas A – G were combined into its own pool. The IRM for the isolated case was calibrated to .1 days per year. The resulting IRM was 78%. This high number results from the way the maintenance is currently scheduled in the model. The result shows high risk in the valley months particularly in the month of April. If the maintenance were optimized for the new pool, the IRM would most likely drop into the mid thirties. The NY system in the late seventies was summer peaking with much less spread between the summer and winter peak loads and a mix of

generating capability that included a greater percentage of larger units. Its isolated IRM was on the order of 35%. These characteristics are consistent with the modeled upstate pool. The interconnected case can not be run until a later date.

#### Response to the Load Shape Issue:

A lot of emphasis has been placed on the number of days that are within .95 per unit of the peak. The more relevant measure is the magnitude of the extreme weather and the frequency of occurrence of hot days within the summer. Also, because the EOP have been increased from a total of 1200 MW of load relief for 2002 to 1987 MW for 2003, the impact of load change has much impact. If the load shape change for NY is introduced into the isolated case before the update of the EOP modeling, the impact of the load shape change is on the order of 2.5%. However, if the load shape change is introduced into the isolated case after the EOP modeling change, the impact is on the order of .5%. The change in how SCR is modeled and the increase in EOP load relief due to EDRP has significantly muted the impact of a load shape change on the isolated case. Load relief from EOP which can be called by the model whenever it is needed, essentially looks like a perfect generator to the model – i.e., a generator with 100% availability. The NYISO believes this approach is very optimistic assumption.

#### Response to the IMO assistance to NYCA issue:

If the IMO were selling capacity to PJM through NY, it would reduce the amount of emergency assistance available from IMO by utilizing the tie capability. The PJM side would most likely be a wash. The net result would be to increase the NY IRM. I don't know what is meant by an additional tie to Canada. The tie with the IMO is modeled in the base case.

#### General

1)if the EC does not approve the IRM, what happens

**Subject to legal review, our interpretation of the agreements is that the current requirement would continue.**

2)are we using the CP-8 (external area database) data that is recommended by NPCC for 2003

**No, we are using the cp-8 data that was approved for the 2002 summer assessment.**

3)did the increased availability in Niagara and St. Lawrence reduce last years IRM

**We mistakenly decreased those projects availability this year. If we had made the same mistake last year, it would have raised last year's IRM.**

4)does the NYISO still advocate the use of 1998 load shape

**In light of the actual 2002 experience, the ISO believes that it would be prudent to use a load shape closer to the 1995 load shape.**

5)what are the load shape statistics (see below)

**Some statistics are provided in the report, ie, load duration curves.**

6)is it still appropriate to assume no emergency support from the IMO (even though it may have little impact on the IRM (i.e. 1000 MW of HQ has the same effect on the IRM as 117 MW from PJM) maybe the NYISO should enter into an MOU.)

**Even though case 14 indicates that there is no assistance from the IMO, this may not be accurate. When the IMO is removed from the model, it is possible that the other external areas are better able to provide assistance (possibly, since they're not providing it to IMO). These isolated cases may be deceiving.**

7)what is the IRM for UPNY isolated

**We only calculate IRM's for NYCA. The isolated NYCA IRM is 23.2%**

8)the effect of Athens on transmission was accounted for but was plant actually modeled

**Yes, as a single 1080 MW unit in area F with a class avg forced outage rate.**

Load Shape Statistics.

Those who have much more knowledge on this than I have implied that The isolated case is used to verify the models efficacy. Because there is only a 0.5% difference between the base case and 1998 load shape (case 2 and 3) and the NYISO thought that 1998 was better than 1995, initially I would say that 1998 load shape should be used. Before deciding to use the 1998 load shape however, I would ask to see the statistics on NYCA peak days. Moreover, it appears futile to speculate which shape (1998 Or 1995 or other) will be most like 2003. I would feel more comfortable basing my decision on load shapes after reviewing some statistics. For example, a load shape with 11 peak days would be acceptable if the average for the last ten years was in fact 8 with two standard deviations equal to +/- 3.

The isolated IRM from case 2 and 3 doesn't change much, yet final IRM using the 1998 load shape with externals reportedly shows a reduction in the final IRM to 12% while the base case is 17.5%. The lack of consistency in concerning. This appears to be signaling the need to change the external database

**ATTACHMENT NO. 3**

**NEW YORK STATE RELIABILITY COUNCIL, L.L.C.  
APPROVAL OF NEW YORK CONTROL AREA  
INSTALLED CAPACITY REQUIREMENT FOR THE PERIOD  
MAY 1, 2003 THROUGH APRIL 30, 2004**

---

1. WHEREAS, reliable electric service is critical to the economic and social welfare of the millions of residents and businesses in the State of New York; and
2. WHEREAS, the reliable and efficient operation of the New York State (“NYS”) Power System is fundamental to achieving and maintaining reliability of power supply; and
3. WHEREAS, The New York State Reliability Council, L.L.C.’s (“NYSRC”) principal mission is to establish Reliability Rules for use by the New York Independent System Operator (“NYISO”) to maintain the integrity and reliability of the NYS Power System; and
4. WHEREAS, the NYSRC is responsible for determining the New York Control Area (“NYCA”) annual Installed Capacity Requirement; and
5. WHEREAS, the study results in the Technical Study Report, dated January 10, 2003, conducted by the NYSRC Installed Capacity (“ICAP”) Subcommittee, show that the required NYCA installed reserve margin (IRM) for the May 1, 2003 through April 30, 2004 capability year is 17.5% under base case conditions; and
6. WHEREAS, in light of the Technical Study results, the modeling and assumption changes made to simulate actual operating conditions and system performance, the numerous sensitivity studies evaluated, and with due recognition that the current NYCA IRM is set at 18.0%;
7. NOW, THEREFORE BE IT RESOLVED, that in consideration of the factors addressed above, the NYSRC sets the NYCA IRM requirement at 18.0% for the May 1, 2003 through April 30, 2004 capability year, which equates to an Installed Capacity Requirement of 1.18 times the forecasted NYCA 2003 peak load.

Adopted by the NYSRC Executive Committee on January 10, 2003.