

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 51 – July 10, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
William H. Clagett	Unaffiliated Member – Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc
Thomas C. Duffy	Central Hudson Gas & Electric – by phone
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
Robert M. Loughney	Large Consumer’s Sector; Couch, White, LLP
Thomas M. Piascik	Wholesale Seller's Sector; PSEG Power, LLC
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
John J. Mucci	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”)
Michael Calimano	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”) *
Hebert Joseph	NY DPS (for E.C. Schrom, Jr.)
Roger E. Clayton	Conjunction, LLC – RRS Chairman

Visitors – Open Session:

Erin P. Hogan, P.E.	New York State Energy Research Corp.
Roxane Maywalt, Esq.	National Grid, USA

“*” – 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**
- Meeting Attendees** – Thirteen (13) Members and/or 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 one (1) additional item to be covered under Agenda Item 3.2.
- 1.3 Executive Session Topics** – The Committee conducted an Executive Session following the Open Session to discuss: (1) the NYISO’s Power Alert III document; and (2) other administrative issues.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 Approval of Minutes for Meeting No. 50 (June 13, 2003)** – Mr. Bolbrock moved that the Committee approve the Revised Draft Minutes for Meeting No. 50, which was seconded by Mr. Loehr and approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). The Secretary shall issue the final minutes for Meeting No. 50 and post them on the NYSRC web site – **AI #51-1**.
- 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 June 2003 Summary of Receipts and Disbursements, noting that as of June 30, 2003, the NYSRC had a balance of approximately \$112,000. Mr. Adamson noted that \$80,000 of the \$120,000 requested for the 3rd quarter Call for Funds has been received. Mr. Adamson noted that the transition from Urbach Kahn & Werlin LLP to C. Campoli for accounting services is proceeding. Any invoices received after July 23, 2003 shall be sent to C. Campoli for processing.
- ii. Draft 2004 NYSRC Budget** – Mr. Adamson presented the Draft 2004 NYSRC Budget to the Committee. A motion to approve the Draft 2004 NYSRC Budget was made by Mr. Schrayshuen and seconded by Mr. Loehr. After discussion by the Committee, the motion and second were withdrawn pending resolution of the handling of the Secretary position.
- 3.2 Other Organizational Issues**
- i. Committee Member Terms/Sector Selection Process** – The Secretary reported that all of the Transmission Owners have submitted letters designating their representatives for the term beginning August 1, 2003. The Secretary also reported that the selection process for the Members representing the Wholesale Sellers and Municipal Systems and Cooperatives Sectors was completed, with Mr. Piascik being re-appointed as the representative of the Wholesale Sellers Sector and Mr. Cordeiro being re-appointed as the representative of the Municipal Systems and Cooperatives Sector. The selection process for the Member representing the Large Consumers Sector is scheduled to be completed by July 16, 2003.

Mr. Loughney moved that the Committee Affiliated Members re-elect Messrs. Clagett, Ellsworth, Loehr and Smith to a two (2) year term as Unaffiliated Members on the Committee, effective August 1, 2003. The motion was seconded by Mr. Haase and unanimously approved by the nine (9) Affiliated Members.

- ii. **Election of NYSRC Executive Committee Officers** – Mr. Loughney moved that the Committee elect Messrs. Haase and Ellsworth for the Committee Chairman and Vice-Chairman positions for the one (1) year term commencing on August 1, 2003. The motion was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (13 to 0). There were no candidates for the Secretary position. This issue was discussed further in Executive Session.
- iii. **NYSRC Code of Conduct/Operating Agreement** – Mr. Gioia summarized his June 27, 2003 email to the Committee on the need to have NYSRC representatives on the Committee, Subcommittees and Working Groups submit letters acknowledging their review of and adherence to the NYSRC Code of Conduct. After discussion, Mr. Ellsworth moved that the Committee approve the requirement to have all Committee, Subcommittee and Working Group Members and Alternates, along with the Auditor, Accountant, Administrative Assistant and all other NYSRC contractors and consultants sign and submit a form acknowledging that they have received, read and agreed to abide by and comply with all terms and provisions of the NYSRC Code of Conduct. The form shall be submitted either: (1) every two (2) years on August 1st; (2) whenever a new individual joins an NYSRC Committee, Subcommittee or Working Group; or (3) when a contractor or consultant is hired by the NYSRC. The motion was seconded by Mr. Haase and unanimously approved by the Committee Members in attendance (13 to 0). Mr. Gioia also distributed a draft paragraph to be added to the NYSRC Operating Agreement defining the role of the Committee Chairman. Mr. Gioia shall finalize the revisions to the NYSRC Operating Agreement to cover the Code of Conduct issue and role of the Chairman, along with the Code of Conduct acknowledgement form for discussion and approval at the next meeting – **AI #51-2**.
- iv. **IRS Audit Letter** – Mr. Gioia reported on the status of the IRS audit of the NYSRC's tax form 990, noting that LLG&M will be drafting a response to the IRS inquiry.

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 July 3, 2003. The next RRS meeting is scheduled for July 31, 2003.

4.2 Status of New/Revised Reliability Rules

- i. **Proposed NYSRC Reliability Rule Revisions**
 - a. **List of Potential Reliability Rule (“PRR”) Changes** – Mr. Clayton reviewed the current List of Potential Reliability Rules Changes, briefly reviewing the status of the following PRRs not discussed below: #8, 52, 63, 64 and 65.

b. Status of New/Modified Reliability Rules

- 1. PRRs for Final EC Approval:** Mr. Clayton noted that there were no PRRs being submitted to the Committee for final approval.
- 2. PRRs for EC Approval to Post for Comments:** – Mr. Clayton reviewed PRR #57 (RR03-06) – New Rule E-R8 “Fault Current Assessment – Operating” and new Measurements E-M6 and E-M7, which was being submitted to the Committee for approval to repost for comments. Mr. Sasson requested that the Committee address the PRR on an expedited basis as a result of the “NYISO Short Circuit Assessment” dated July 2, 2003, which identifies the potential for over-dutied circuit breakers in Summer 2003. After considerable discussion by the Committee, it was agreed that it was not necessary to handle this PRR on an expedited basis, based on statements made by Messrs. Adams and Calimano (later in the meeting) that the current NYISO process of identifying operational problems and developing mitigation plans closely parallels the process envisioned in PRR #57 and associated measurements. The Committee agreed that a letter should be sent to the NYISO to communicate the NYSRC’s concerns on the circuit breaker over-duty issue and, until a final rule is adopted, to recommend that the NYISO operate the system as if the new reliability rule was in effect in its current form. Mr. Loehr moved that PRR #57 be approved for posting for comments on a normal basis, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #57 on the NYSRC web site for comments – **AI #51-3**. The Committee directed Mr. Sasson to draft the above noted letter to the NYISO and circulate the letter for Committee review and approval – **AI #51-4**.
- 3. PRRs for EC Discussion:** – Mr. Clayton reviewed the status of PRR #59 (RR03-07) – Modification to existing Rule D-R4, “Restoration of Ten (10) Minute Reserve.” Mr. Clayton noted that the NYISO sent a July 7, 2003 email stating that as a result of its review of data from September 2000 through June 2003, the NYISO recommends that PRR #59 be adopted as proposed, increasing the restoration time for 10 minute reserves from 30 to 105 minutes in accordance with the new NPCC rule. Later in the meeting, Mr. Calimano addressed the seams issue with respect to PRR #59, noting that not adopting PRR #59 will prevent the NYISO from sharing reserves with neighboring control areas who are operating in accordance with the NPCC rule. The Committee requested Messrs. Adams and Calimano to prepare a write-up on the benefits of adopting PRR #59, including an estimate of the economic impact of having the shared reserve agreement. The NYISO shall also work with Con Edison to review and verify the 5 year data obtained by Con Edison. Finally, the Committee requested that the NYISO provide a numerical example incorporating all of the issues – collectively **AI #51-5**.

- c. **NPCC & NERC Criteria Tracking Program** – Mr. Clayton reported that the RRS continues to review proposed revisions to NPCC and NERC standards.
 - 1. **NERC Cyber Security Standard** - Mr. Adamson reported that NERC’s interim cyber security standard was approved in the re-circulation voting process, despite the NYSRC’s position not to accept the standard. The interim standard is scheduled to go to the NERC Board for approval in July. Mr. Adamson noted that NERC has posted a new permanent cyber security standard and that the RRS will continue to monitor the standard process.

4.3 Other RRS Issues

- i. **PSC Renewable Proceeding – Reliability Concern** – Mr. Clayton reported that the RRS has concluded that there is no need for new criteria as a result of the PSC’s Renewable Proceeding. However, the additional renewable generation must be incorporated into the installed reserve margin studies. ICS and RCMS shall identify issues that should be addressed in the NYSRC policy statement, and submit them to the Committee – continuation of **AI #49-15**. Mr Gioia noted that LLG&M will monitor the proceeding and report to the Committee. Mr. Mucci briefly mentioned a report completed on wind generation and agreed to send the report to the Committee. Mr. Adams later in the meeting noted that the NYISO is working with NYSERDA on a work scope to request proposals for the completion of a study of the effects of intermittent generation resources on system operation and reliability. The draft work scope is to be issued for comments in two weeks. Mr. Bolbrock suggested including the off-shore wind generation study completed by LIPA in the NYISO/NYSERDA study.
- ii. **AI #45-11**: Mr. Clayton reported that the RRS has determined that no new reliability rule is required addressing generator maintenance requirements since generation owners have sufficient economic incentives to efficiently maintain their generators, including the desire to maximize UCAP and energy sales. **AI #45-11** shall be closed out.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Adamson reported that the Installed Capacity Subcommittee (“ICS”) last met on July 8, 2003. A majority of the meeting was spent on the assumptions for the 2004-05 NYCA Installed Capacity Requirement (“ICR”) Study and on the July 11, 2003 Workshop. The ICS is scheduled to meet on August 4, 2003.

5.2 2004–05 NYCA Installed Capacity Requirement Study – Status Report - Mr. Adamson reported that the ICS is developing the assumptions for the 2004-05 ICR Study for presentation to the Committee for approval at the August Committee meeting.

5.3 Other ICS Issues

- i. **ICR Workshop** - Mr. Adamson reported that the presentations have been finalized for the ICR Workshop scheduled for July 11, 2003, from 9:00AM to 3:00PM, for Committee and ICS Members, NYISO and PSC Staff, and any

interested Market Participants, to present the NYSRC's process for determining the annual NYCA Installed Reserve Margin ("IRM"). The workshop will be held at the NYISO's Washington Ave. Extension office.

- ii. **Proposed NYSRC Policy No. 5-0:** Mr. Adamson noted that Mr. Gioia submitted comments on July 9, 2003, on the draft NYSRC Policy No. 5-0, "Procedure for Establishing NYCA Installed Capacity Requirements. The Committee Members shall review the draft policy and submit final comments to Mr. Adamson by July 17, 2003 – AI #51-6.

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 July 9, 2003. He reviewed the RCMS discussion topics, including NERC and NPCC compliance, Measurements C-M4, I-M1, I-M2 & K-M2.B and PRR #57. Mr. Loehr also reported that the RCMS will be contacting PJM to schedule a joint meeting between the RCMS and PJM compliance group. The RCMS is scheduled to meet on August 6, 2003.

6.2 Status of NYSRC Reliability Compliance Program ("NYRCP")

- i. **2003 NYRCP Responsibilities & Milestones** – The latest "2003 NYSRC Reliability Compliance Program Report" ("Scorecard") was distributed.
- ii. **2003 NYRCP Assessments** – Mr. Loehr noted that NYRCP assessments C-M4, I-M1, I-M2 and K-M2.B were distributed to the Committee this month.

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 NYISO responded to issues raised by the NPCC Reliability Coordinating Council ("RCC") and the NPCC Annual Transmission Study was approved by the RCC on July 9, 2003.

7.2 Reactive Resource Adequacy Study – Mr. Adams reported that NYISO staff is waiting for responses from the Transmission Owners on data assumptions for the study. The schedule for completion of the study has been pushed back at least one month.

7.3 NYSERDA/NYISO Gas Study – In response to the NYSRC's May 1, 2003 letter to the NYISO and NYSERDA, Mr. Haase noted that the PSC is scheduling a meeting in August with NYSERDA, NYISO and the NYSRC to discuss the issues. Mr. Adams will participate for the NYISO. Messrs. Haase, Ellsworth and Mucci will represent the NYSRC. Mr. Ellsworth shall prepare an outline of the issues for discussion at the meeting – AI #51-7.

7.4 Other Studies/Activities – Mr. Adams discussed the study work being scoped out with NYSERDA for the Renewables Proceeding (refer to Item 4.3 i above).

8.0 Other Items

8.1 Millennium Gas Pipeline Proceeding – Nothing to report.

- 8.2 Reliability Legislation Update** – Mr. Gioia reported that the Senate is still considering an energy bill, however, it is not known what will be included in the final legislation or when the legislation will be passed. The House of Representative’s passed the HR6 reliability legislation in April with the NY specific language.
- 8.3 NYISO Operations Report** – The Secretary distributed the updated summary through June 2003.
- 8.4 North American Energy Standards Board (NAESB) Report** – Nothing new to report.
- 8.5 FERC Wholesale Power Market Platform Proceeding** – Mr. Gioia reported that there was nothing new to report on FERC’s Wholesale Power Market Platform Proceeding and that LLG&M will continue to monitor the proceeding.
- 8.6 FERC Installed Capacity Demand Curve Proceeding** – Mr. Gioia briefly reviewed the NYISO’s answer to Keyspan-Ravenswood, LLC’s Motion for Clarification for FERC’s order conditionally accepting the NYISO’s tariff revisions incorporating a demand curve in the NYISO’s ICAP market. Mr. Gioia noted that the NYSRC did not file an answer in the proceeding, however, the NYISO’s response covered the NYSRC’s concerns. Mr. Schrom distributed the PSC’s answer in the proceeding, dated July 8, 2003.
- 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>
#52	Aug 8, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#53	Sept 12, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#54	Oct 9, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 51 was adjourned at 3:40 P.M.

Completed By: J.C. Fleury – Secretary
 Final Issue Date: August 10, 2003