

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 26 - June 8, 2001
NYISO Power Control Center - Guilderland, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Seller’s Sector, PG&E National Energy Group
Mark J. Cordeiro	Municipals, PLM, Inc
Bruce B. Ellsworth	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)- phone*
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
Mike Hogan	Central Hudson Gas & Electric Corporation (“CHG&E”)
Mayer Sasson	Consolidated Edison Co. of N.Y.,Inc.(“Con Edison”)
Herbert Schrayshuen	Niagara Mohawk Power Corporation - Alternate Member

Others

John Adams	New York Independent System Operator (“NYISO”)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“PSC”)

Visitors - Open Session

L. Keith O’Neal	NRG - by phone
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“*” - Denotes part time attendance at the meeting.

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session - An Executive Session was conducted to address an administrative issue regarding the selection process for the non-Transmission Owner, Affiliated Sector Members.

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Twelve (12) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were in attendance. RG&E’s representative participated by phone on a part time basis.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda and one new item was added by the Committee under Item 8.6 below.

1.3 Executive Session Topics - Mr. Bolbrock noted that an Executive Session was conducted to discuss an administrative issue regarding the selection process for the non-Transmission Owner Affiliated Sector Members (refer to Item 3.3 below).

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 25 (May 11, 2001) - After brief discussion, Mr. Clayton moved that the Committee approve the Draft Minutes for Meeting No. 25, as modified by the Committee, which was seconded by Mr. Clagett, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 25 and post them on the NYSRC web site - **AI #26-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List. Items were discussed 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 May 2001 Summary of Receipts and Disbursements. In response to the Call for Funds issued for the 2001 membership fee of \$10,000 per Affiliated Member, Mr. Adamson reported that all Members have submitted their payment for 2001. As of June 5, 2001, the NYSRC has a cash balance of approximately \$117,000. Mr. Adamson requested and the Committee agreed that a Call for Funds be issued to the Transmission Owners and the Municipal Electric Systems and Cooperatives' Sector for a 3rd quarter assessment of \$15,000. Mr. Adamson shall issue the Call for Funds with payment due by July 1, 2001 - **AI #26-2**.

3.2 NYSRC Funding Proposal - Funding Working Group - The Committee discussed the proposed NYSRC funding mechanism for 2002 and agreed to additional revisions. Mr. Gioia shall draft a clause referencing the NYSRC Operating and Reimbursement Agreements - **AI #26-3**. The Committee agreed to vote on the revised funding proposal for 2002 at the July 13th Committee meeting. All Committee Members shall be prepared to vote on the proposed funding mechanism at the next Committee meeting - continuation of **AI #25-2**. Mr. Sasson noted that the addition of a 4th Unaffiliated Member as a result of the proposed NYSEG/RG&E merger may increase NYSRC expenses by \$50,000/year. Until the proposed merger is finalized, NYSRC expenditures will be allocated based on the current mechanism where the Transmission Owners are each assessed 1/7th of the NYSRC expenditures, less the payments made by the three (3) non-Transmission Owner, Affiliated Members.

3.3 Selection of NYSRC Sector Representatives - Mr. Bolbrock noted that further work is needed on the development of a selection process for the representatives of the Wholesale Sellers, Large Consumers, and Municipal System & Electric Cooperative Sectors on the NYSRC. The

Selection Working Group shall finalize the selection process and submit the proposal to the NYISO Board of Directors - **AI #26-4**.

3.4 NYSRC Membership - Designation of Executive Committee Representatives - The Secretary noted that only two letters have been received to date. All Transmission Owners shall submit a letter signed by an executive to the Secretary designating their representative on the Committee for the second term, commencing on August 1, 2001 - continuation of **AI #25-3**.

3.5 Insurance Coverage - Mr. Gioia reported on the status of the renewal of the NYSRC's \$25M Excess Coverage Policy with AEGIS, noting that a conference call was held with representatives of most of the Transmission Owners, Marsh and AEGIS to discuss the AEGIS quote of \$69,000 to renew the policy, compared to the 2001 premium of \$28,600. Mr. Gioia noted that a follow-up letter was sent to Marsh and AEGIS on June 4, 2001 summarizing the NYSRC information provided during the conference call. Mr. Gioia also summarized the June 4, 2001 letter from LLG&M regarding the issue. Marsh informed Mr. Gioia that AEGIS submitted a revised quote of \$56,000 (+ 4% adder) for the policy with an increase in deductible from \$50,000 to \$100,000; or \$41,000 (+4% adder) for a \$200,000 deductible. Marsh indicated that they were still working with AEGIS to reduce these quotes. The Committee agreed that the policy should be renewed with a \$200,000 deductible, contingent upon Mr. Sasson verifying Con Edison's position. Mr. Gioia and the Secretary shall finalize the renewal of the Excess Coverage Policy and inform the Committee - **AI #26-5**.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items - Mr. Clayton reported that the Reliability Rules Subcommittee ("RRS") last met on May 30, 2001. The main focus continues to be the development of Revision No. 2 to the NYSRC Reliability Rules, along with the development of the proposed reliability rule revisions to be included in Revision No. 2.

4.2 Status of New/Revised Reliability Rules

- i. Revision No. 2 to NYSRC Reliability Rules** - Mr. Clayton provided a status report on the preparation of Revision No. 2 to the NYSRC Reliability Rules. RRS reviewed and provided comments on draft Revision No. 2 and a third draft is being prepared for RRS review. The RRS is scheduled to finalize Revision No. 2 and present it to the Committee in September.
- ii. Proposed NYSRC Reliability Rule Revisions**
 - a. List of Potential Reliability Rule Changes** - Mr. Clayton reviewed the Priority 1 items on the List of Potential Reliability Rule Changes distributed to the Committee. The templates RR01-01, 02, 03, 04, 05 and 07 were posted on the web site for the open review process and comments were received from Orion Power on June 7, 2001. The Committee then reviewed and discussed two (2) templates, RR #4 (RR01-08) and RR#35 (RR01-06).
 - b. RR #35 (RR01-06) - System Restoration** - After significant discussion by the Committee, the RRS was asked to revisit the proposed rule based on the requirement that

each Transmission Owner is obligated to have a black start designated generating unit to be compensated through the NYISO Services Tariff - **AI #26-6**.

- c. **Generation Deliverability & Transmission Expansion** - The RRS has instructed the Installed Capacity Working Group (“ICWG”) to review and determine whether additional reliability rules are needed beyond the existing NERC, NPCC, and NYSRC reliability rules, to address the areas of transmission system expansion planning and generation deliverability - continuation of **AI #22-5**. Mr. Adamson reported during the ICWG Report (Agenda Item 5) that the ICWG is developing a procedure to conduct a MARS study on this issue.
- d. **One Month Installed Capacity Procurement Period** - The RRS has instructed the ICWG to determine whether a reliability rule is required if the NYISO implements a one-month installed capacity procurement period - continuation of **AI #14-8**. Mr. Adamson reported during the ICWG Report (Agenda Item 5) that the RRS is currently reviewing reliability rule changes proposed by the ICWG.
- e. **RR #4 (RR01-08) - Definition of Bulk Power System** - Mr. Clayton presented the proposed template for revising the definition of the NYS Bulk Power System (“NYS BPS”). The Committee agreed on a definition and on the need for the NYISO to develop and maintain the list of NYS BPS facilities. Mr. Clayton moved for the Committee to approve the template as modified by the Committee, which was seconded by Mr. Loehr and approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). Mr. Adamson shall finalize the template and forward it to the Secretary who will post the template on the NYSRC web site and issue a notice to market participants - **AI #26-7**. The Committee then discussed in detail the issue of the NYSRC’s scope of jurisdiction as it pertains to the NYSRC Reliability Rules. The Committee agreed not to modify the text of the NYSRC and NYISO/NYSRC Agreements, but address the issue of the limited scope of the activities of the NYSRC in the Introduction of Revision No. 2 of the NYSRC Reliability Rules by noting that the NYSRC is fulfilling its obligation to the NYS Power System through its focus on maintaining the reliability of the NYS BPS **AI #26-8**.

4.3 Other RRS Issues

- i. **Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Mr. Sasson reported that he will submit to the Committee a draft letter to be sent to the NYISO encouraging them to link their 2-7 day outlook to the unit commitment program to keep units on line that are needed for reliability, in order to meet the minimum down time requirements - continuation of **AI #25-8**.
- ii. **NYSERDA/NYISO Gas Study** - Mr. Adams reported that there should be no problem with the NYSRC participating in the NYS gas study being completed by NYSERDA and the NYISO. The Committee agreed that a representative from the RRS will participate as the NYSRC representative on the study group.

5.0 Installed Capacity Working Group Status Report/Issues

5.1 ICWG Status Report & Discussion Items - Mr. Adamson reported on the activities of the Installed Capacity Working Group (“ICWG”). The ICWG last met on June 5, 2001 to work on

the action items assigned by the RRS (refer to Item 4.2 ii, c & d above). Mr. Adamson noted that the ICWG is scheduled to complete the 2002-2003 Statewide IRM Study (“Study”) for presentation to the Committee in December 2001, and that they are looking at the issue of forced outage rates. Regarding the Study, the ICWG was informed that some generation owners have not provided the NYISO with the required information on unit outages. The ICWG will need this information in order to start the Study in July. Generation outage data from 1991-2000 will be used in the Study. The Committee requested that the ICWG prepare a white paper to address how the Study will handle the change to unforced capacity (“UCAP”) - **AI #26-9**.

6.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

6.1 Status Report & Discussion Items - Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) last met on June 7, 2001.

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

i. 2001 NYSRC Reliability Compliance Program - Responsibilities & Milestones - Mr. Loehr briefly summarized the latest Responsibilities & Milestones document and noted that the RCMS will be issuing seven (7) Compliance Monitoring Assessment forms by the next Committee meeting. The Secretary confirmed that the Responsibilities & Milestones document shall be posted on the web site - **AI #26-10**. Mr. Loehr also reported that the RCMS will be reviewing the results of the NYISO restoration drill conducted on June 5th, along with the Transmission Owners’ compliance with the obligation to have black start designated generating units.

6.3 Other RCMS Issues

i. Non-Contracted For Operating Reserves - Mr. Loehr reported that he received no comments from the Committee on the issue of non-contracted for operating reserves and he did not schedule a follow-up meeting with the NYISO. Mr. Loehr noted that there are at least three issues to address under this topic: (1) there were two incidents (May 2000 & May 2001) of non-compliance to replenish ten (10) minute reserve from operating and latent reserves within thirty (30) minutes; (2) the 30 minute reserve requirement could be made more stringent; and (3) it must be determined whether suppliers providing reserves actually produced the reserves they were contracted to provide. The Committee Members were requested once again to send any questions or comments on this issue to Mr. Loehr, who will schedule a follow-up meeting with the NYISO on this issue - continuation of **AI #25-10**.

ii. NYISO Review of Non-ICAP Provider Obligations Under Emergencies - Mr. Loehr noted that no progress was made on the issue of NYISO Tariff and Agreement obligations by non-ICap providers during system emergencies. Mr. Adams noted that Mr. Calimano could attend the next Committee meeting to discuss the issue - continuation of **AI #23-7**.

iii. Review of NYISO Major Emergencies due to Non-Disturbances - Mr. Loehr reported that Mr. Campoli of the NYISO reviewed all recent NYISO Major Emergencies and found none that were due to non-disturbances. Mr. Bolbrock noted that there was an incident in May 2001 that should be reviewed to determine what action is being taken to prevent a re-

occurrence of a similar incident - continuation of **AI #25-12**.

7.0 NYISO Studies - Status Report - Mr. Adams reported to the Committee on the following NYISO studies:

7.1 NYISO Transmission Reliability Study - The study report is being reviewed by the NYISO.

7.2 NYISO Reactive Resource Adequacy Study - No report was provided.

7.3 Low Cost Transmission Upgrade Study - The NYISO completed and issued a report on this study which is posted on the NYISO web site.

7.4 NYSERDA/NYISO Gas Study - Discussed under Item 4.3 ii above. Mr. Adams also noted that NYSERDA is currently reviewing the bids received in response to the request for proposal.

7.5 Other NYISO Studies

- i. **Con Edison Global Short Circuit Study** - This study is being completed by Con Edison and a final report is expected the next week or so. The NYISO Management Committee approved the cost allocation for breaker replacements at their last meeting.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding - Mr. Schrom reported that a walk-through of the proposed routing of the Millennium Pipeline Company ("Millennium") Gas Pipeline Project was completed with FERC this week. Mr. Bolbrock noted that he was interviewed by the Wall Street Journal regarding the comments filed at FERC by the NYSRC.

8.2 Data Availability & Confidentiality - Mr. Bolbrock reported that a tentative agreement has been reached with the NYISO to allow NYSRC Consultants (A. Adamson & F. Vitale) to have access to all confidential data used in NYISO studies conducted for the NYSRC. The consultants will be required to sign a confidentiality agreement with the NYISO.

8.3 Reliability Legislation Update - Mr. Gioia reported that all energy legislation activities may be impacted by the change in majority in Washington. LLG&M will continue to monitor activities for any text regarding reliability.

8.4 Role of NYSRC in NY State Energy Plan - Mr. Adams reported the status of the development of the NY State Energy Plan, noting that a Public Notice has been issued indicating the issues to be addressed in the Energy Plan. Written comments on these issues or any other matter that should be addressed in the Energy Plan are due on June 18th. Mr. Bolbrock shall develop and circulate a plan for NYSRC participation - continuation of **AI #25-13**.

8.5 Summer 2001 - Market Participant Preparedness - Mr. Bolbrock noted that he spoke with Mr. Cordeiro on the issue raised at the last meeting regarding whether all Market Participants are adequately informed of their obligations regarding system emergencies, in preparation for Summer 2001. Nothing more to report.

8.6 FERC Order IC01-720-000 -Proposed Information Collection & Request for Comments - Mr. Sasson informed the Committee of the subject FERC order issued on June 1, 2001, requiring information to be provided on generating unit deratings and outages in anticipation of Summer 2001 problems. The Committee agreed not to take any position on the issue, but to file a request for intervention by the NYSRC to become a party in the proceeding. Mr. Gioia shall work with LLG&M to complete the filing - **AI #26-11**.

9.0 Visitor Comments

Mr. Bolbrock solicited comments from the visitors participating in the meeting by telephone. Mr. O'Neal raised a potential reliability concern regarding the one month installed capacity procurement period, noting that all neighboring ISOs should have the same procurement period. This issue should be raised in the ISO MOU process.

10.0 Meeting Schedule

Below are the scheduled dates, locations and starting times for the remaining Committee meetings in 2001, as agreed to by the Committee (Please note the change in start time for the July 13 meeting to 10AM):

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#27	July 13	NYISO Power Control Center, Guilderland	10:00 A.M.
#28	Aug. 17	NPCC Offices - New York City	10:00 A.M.
#29	Sept. 14	NYISO Power Control Center, Guilderland	9:30 A.M.
#30	Oct. 12	NYISO Power Control Center, Guilderland	9:30 A.M.
#31	Nov. 9	NPCC Offices - New York City	10:00 A.M.
#32	Dec. 14	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 26 was adjourned at 3:00 PM.

Completed By: Joseph C. Fleury - Secretary
Final Issue Date: July 13, 2001