

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 19 - November 13, 2000
Northeast Power Coordinating Council Office, New York City, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett	Unaffiliated Member - Vice Chairman
Carolyn M. Brown	Wholesale Sector, Independent Power Producers of New York, Inc. (“IPPNY”) (Alternate)
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”)
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond *	Niagara Mohawk Power Corporation (“NMPC”)
John Muir	Consolidated Edison Co. of N.Y., Inc. (For M. Sasson)

Others

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Keith O’Neal	New York Public Service Commission (“PSC”)

* - Denotes participation by telephone.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction - Ms. Brown attended the meeting for Mr. Clayton, and will be the Alternate Member for the Wholesale Sector. Mr. Muir attended the meeting as Con Edison’s representative. Rochester Gas & Electric did not have a representative at the meeting. The total number of Members in attendance was twelve (12).

1.1 Requests for Additional Agenda Items - The NYSRC Executive Committee (“Committee”) reviewed the agenda for the meeting and added agenda items to be covered under Item 6.0 below.

1.2 Topics for Open Session - There were two items on the Open Session agenda requiring discussion by the Committee during the Closed Session. These items are discussed below under their respective agenda item.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 18 (October 17, 2000) - After discussion, Mr. Mennerich moved that the Revised Draft Minutes for Meeting No. 18 be approved as modified by the Committee, which was seconded by Mr. Clagett, and approved unanimously by the Committee Members in attendance (10 to 0, 3 absent). The Secretary will issue the final minutes for Meeting No. 18 and post them on the NYSRC web site - **AI #19-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List noting Action Items that have been completed since the list was last issued.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

Mr. Adamson presented the Treasurer's Report to the Committee. The October 2000 Summary of Receipts and Disbursements was distributed and summarized. Mr. Adamson reported that all but two (2) members have submitted full payments through December 2000, resulting in a total of \$30,000 in outstanding payments. As of October 31, 2000, the NYSRC has a cash balance of approximately \$102,550 with no outstanding invoices. The projected year-end balance is estimated to be \$70,000 - \$80,000, assuming that the \$30,000 in outstanding payments are received. The Committee will determine at its next meeting whether a call for funds will be required for January 2001.

3.2 2001 NYSRC Budget

a. Accountant & Insurance Expenditures - Mr. Raymond noted that the NYSRC Budget Working Group completed two action items required to finalize the 2001 NYSRC Budget. The estimated expenditures for the Accounting Firm were reviewed and Mr. Adamson recommended a reduction in the 2001 Budget from \$20,000 to \$15,000. The Secretary reported that a review of the current NYSRC Insurance Policy was completed, recommending that the Committee continue with the same insurance carrier and policy for 2001. Mr. Adamson also recommended a reduction in the Unaffiliated Member's travel expenses from \$40,000 to \$35,000, due to the reduction in airfares in 2000. The Committee agreed to move the \$10,000 of total reductions to the Contingency amount, maintaining the total 2001 budget at \$500,000. Later in the meeting, the Committee agreed to increase the Contingency amount in the 2001 NYSRC Budget from \$36,000 to \$86,000 as a precaution, thus increasing the total budget amount to \$550,000. The Secretary shall revise the 2001 NYSRC Budget and forward it to the Committee - **AI #19-2**. The Committee tabled the formal vote on the 2001 budget to the December Committee meeting.

b. Form of Motion to Approve 2001 NYSRC Budget - The Committee also discussed the form of the motion to be voted on for approving the 2001 NYSRC Budget. Mr. Gioia reviewed the draft motion and the Committee provided revisions to the text of the motion in conjunction with discussions on the NYSRC funding mechanism as noted below. The Committee agreed that the motion will state that the Wholesale Sellers and Large Consumer Sectors shall be responsible for funding up to \$10,000

of NYSRC expenditures in 2001, while the Municipal System and Electric Cooperative Sector shall be responsible for up to \$70,000. After Committee discussion, Mr. Clagett moved to approve the draft motion as revised by the Committee, which was seconded by Mr. Loehr and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent). Mr. Gioia shall revise the draft motion as approved by the Committee - **AI #19-3**.

Mr. Gioia also noted that during the last NYISO Management Committee meeting, a representative of one of the market participants raised an issue regarding NYISO costs incurred for studies completed for the NYSRC. Mr. Adams noted that the NYISO had discussed this issue with the NYSRC in the past and agreed that the NYISO will not charge the NYSRC for this work.

3.3 NYSRC Funding Mechanism

a. Draft FERC Filing - Mr. Gioia summarized the draft FERC filing sent to the Committee on November 10, 2000, to fund the NYSRC through a surcharge to the Transmission Owners' Transmission Service Charge ("TSC") and NYPA's Transmission Adjustment Charge ("NTAC"). Mr. Gioia noted that the draft FERC filing was also sent to counsel representing the Transmission Owners. The Committee discussed the draft FERC filing and agreed that the annual dues to be \$5,000 per Member. The Committee shall review the draft FERC filing and submit comments to Mr. Gioia by December 1, 2000, to allow the filing to be finalized and ready for Committee approval at the December 11, 2000 meeting - **AI #19-4**.

Mr. O'Neal stated that the PSC will support the FERC filing for the proposed TSC surcharge mechanism. The Committee requested NYISO support for the FERC filing. Mr. Adams shall discuss with Mr. Museler and inform the Committee of the NYISO's position as soon as possible - **AI #19-5**.

b. Options to Pursue with NYISO Management Committee - The Committee agreed that there was no need to pursue options unless FERC rejects the NYSRC Funding Mechanism filing.

3.4 Open Committee/Subcommittee Meetings

Mr. Bolbrock noted that the Press Release was issued on November 9, 2000, announcing that starting with the January 2001 meetings, all Committee, Subcommittee and Working Group meetings will be opened up for all interested parties to attend. Mr. Bolbrock summarized the Committee's decision during the Open Session. The Secretary noted that the NYSRC Policy No. 2-0 must be revised and that a draft will be sent to the Committee for review - **AI #19-6**.

4.0 Millennium Gas Pipeline Project Status - Status Report on FERC Proceeding

There was nothing new to report regarding the Millennium Pipeline Company ("Millennium") Gas Pipeline Proceeding.

5.0 Proposed NERC Legislation Status & NYSRC Course of Action

There was nothing new to report on the status of the proposed legislation.

6.0 Other Issues

6.1 FERC Staff Report - Mr. Haase noted that a FERC Staff Report titled, "Investigation of Bulk Power Markets in the Northeast," dated November 1, 2000, references the NYSRC and includes statements that may be erroneous. The Reliability Rules Subcommittee was assigned to review the FERC Staff Report and draft a letter to FERC to clarify facts as required - **AI #19-7**.

6.2 NPCC Executive Committee Meeting - Mr. Bolbrock briefly summarized the issues discussed at the November 9, 2000 NPCC Executive Committee.

6.3 Summer 2001 Preparedness - The Committee was informed that a group of representatives from the Transmission Owners recently met with Mr. Museler and NYISO Staff to discuss a list of action items for the NYISO and Transmission Owners in preparation for Summer 2001.

7.0 NYS Assembly Statewide Reliability Study

During the Open Session, Mr. Loehr reported that the Final Draft Report for the New York State Electric System Reliability Study was issued by General Electric ("GE"). Mr. Loehr noted that all of the NYSRC's comments were incorporated. Mr. Loehr also noted that GE has requested that he participate in a panel session on the GE Report. Messrs. O'Neal and Adamson suggested that the NYSRC co-host this panel session with GE and NYSERDA.

The Energy Planning Board ("EPB") is proceeding with the preparation of the final report in compliance with the NYS Assembly's legislation. The final EPB report is scheduled to be completed by December 1, 2000.

8.0 Reliability Rules Subcommittee Status Report/Issues

a. Subcommittee Status Report - Mr. Muir reported during the Open Session that the Reliability Rules Subcommittee ("RRS") last met on November 2, 2000. The next RRS meeting is scheduled for December 4th, with a joint meeting with the Installed Capacity Working Group on December 5th. Topics discussed by the RRS included proposed reliability rules, Summer 2001 preparedness, NYISO Operations Report, locational operating reserves, latent operating reserves, installed capacity procurement period, and the open meeting policy.

b. Status of New/Revised Reliability Rules - The RRS is awaiting the final draft Revision No. 1 to

the NYSRC Reliability Rules. The Secretary noted that the changes received from the RRS, the Committee members and Mr. Gioia are being incorporated and the final draft will be forwarded to the RRS and Committee upon completion - continuation of **AI #14-4**.

- c. **Summer 2001 Issues** - During the Closed Session, the Committee discussed the draft press release developed by the RRS and agreed to hold off issuing a press release on Summer 2001 preparedness until the 2001 Statewide Installed Capacity Requirements Study is completed.
- d. **Other RRS Issues**
 - i. **Latent Operating Reserves** - After discussion, the Committee requested the RRS and Reliability Compliance Monitoring Subcommittee to draft a letter to Mr. Museler and the NYISO asking how the NYISO will determine in advance what latent operating reserves will be and what procedures are in place to address the issue - **AI #19-8**.

9.0 Installed Capacity Working Group Status Report/Issues

- a. **ICWG Status Report & Discussion Items** - During the Open Session, Mr. Cordeiro reported that the Installed Capacity Working Group (“ICWG”) last met on October 18, 2000, had a conference call on October 31, 2000, and are scheduled to meet next on November 15, 2000. Mr. Cordeiro also noted that Mr. Chamberlain will replace Mr. Clayton as the Wholesale Sector representative on the ICWG.
- b. **2001 Statewide Installed Capacity Requirements Study - Status Report** - During the Closed Session, the Committee agreed that Mr. Cordeiro would give a brief status report on the 2001 New York Control Area Installed Capacity Requirements Study (“2001 Study”). The Committee discussed the potential impacts of the lower Hydro Quebec (“HQ”) transfer limits and external installed capacity on the statewide installed reserve margin (“IRM”).

Mr. Cordeiro reported during the Open Session that work continues on the 2001 Study. The ICWG plans to complete the study for presentation at the December 5th joint meeting with the RRS. Certain factors such as the HQ transfer limitations and external installed capacity could have a significant impact on the statewide installed reserve margin. Assuming that the study is finalized and approved by the ICWG and RRS on December 5th, the study will be sent to the Committee for review and approval at the next Committee meeting.

10.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

- a. **Status Report & Discussion Items** - During the Open Session, Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) met and discussed several issues including: the open meeting policy; draft NYSRC Policy No. 4-0; compliance review of local reliability rules 1, 3, 4, and 5; review of August and September 2000 operating studies; NPCC

compliance enforcement programs; NPCC CMAS activities, and NYISO studies.

b. Status of NYSRC Reliability Compliance Program

- i. Draft NYSRC Policy No. 4-0:** The Committee reviewed the draft NYSRC Policy No. 4-0, Procedure for Monitoring Compliance with NYSRC Reliability Rules and provided comments. The Committee instructed the RCMS to send the draft policy to the NYISO for review - **AI #19-9**.
- ii. Draft Compliance Template** - The Committee discussed the 2000 NYRCP Templates addressing New York specific reliability rules. The Committee instructed the RCMS to send the draft templates to the NYISO for review - **AI #19-10**.
- iii. Draft 2000 NYRCP Results Summary** - The Committee discussed the draft 2000 NYRCP Results Summary. The Committee shall review the draft summary and submit comments on the format to the RCMS - **AI #19-11**.

11.0 NYISO Studies - Status Report

- a. NYISO Comprehensive Transmission Adequacy Study** - Mr. Adams reported that the NYISO received approval of this study from the NPCC Reliability Coordinating Council. No further action is required.
- b. NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO has initiated a long-term transmission reliability study that will include several different scenarios for generation additions. The Phase I study is complete and a draft report is being prepared for completion by the end of November. The NYISO issues biweekly status reports on this study.
- c. NYISO Reactive Resource Adequacy Study** - Mr. Adams reported that the study has been started. A draft report is scheduled for completion by April 2001.
- d. Other NYISO Studies** - No other studies to report on.

12.0 Meeting Schedule

The following are the scheduled dates and locations for the future Committee meetings as agreed to by the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#20	Dec. 11	NYISO Power Control Center, Guilderland	9:30 A.M.
#21	Jan. 11	NYISO Power Control Center, Guilderland	9:30 A.M.
#22	Feb.8	NPCC Offices, New York City	10:00 A.M.

The Committee Meeting No. 19 was adjourned at 3:00 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: December 12, 2000