

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 21 - January 11, 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”)
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
L. Eng	Niagara Mohawk Power Corporation (“NMPC”)(Alternate)
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc. (“Con Edison”)

**Others**

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant
Keith O’Neal	New York Public Service Commission (“PSC”)

**Visitors - Open Session**

J.V. Plewinski, Jr.	General Electric Power Systems Energy Consulting
P.F. Chamberlain	The E-Cubed Company - Representing NRG - by phone
S. Ireland	El Paso Merchant Energy, L.P. - by phone

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

**I. Executive Session** - An Executive Session was conducted to discuss administrative issues regarding the mileage reimbursement rate paid to the Unaffiliated Members for travel expenses; and NYSRC funding in 2001 (see Item 3.3 below).

**II. Open Session**

**1.0 Introduction** - All thirteen (13) Members of the NYSRC Executive Committee (“Committee”) were in attendance. Mr. Bolbrock welcomed the visitors attending in person and participating by telephone.

**1.1 Requests for Additional Agenda Items** - The Committee reviewed the agenda for the meeting and added agenda items to be covered under Items 3.3 and 8.5 below.

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

**2.1 Approval of Minutes for Meeting No. 20 (December 11, 2000)** - After discussion, Mr. Clayton moved that the Committee approve the Draft Minutes for Meeting No. 20 as modified by the Committee, which was seconded by Mr. Mennerich, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 20 and post them on the NYSRC web site - **AI #21-1**.

**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. The December 2000 Summary of Receipts and Disbursements was distributed and summarized. Mr. Adamson reported that all but one (1) Member has submitted full payments through December 2000, resulting in a total of \$10,000 in outstanding payments. In response to the Call for Funds issued for the 2001 membership fee of \$10,000 per Affiliated Member, Mr. Adamson reported that seven (7) Members have submitted their payment to date. As of January 8, 2001, the NYSRC has a cash balance of approximately \$140,800 with no outstanding invoices. The Committee agreed that no Call for Funds will be issued for February and that Mr. Adamson shall prepare a cash flow for 2001 NYSRC expenditures, along with a schedule for future Calls for Funds - **AI #21-2**. Mr. Adamson noted that he will be meeting with Urbach Kahn & Werlin, PC ("UK&W") to discuss the format of the 2001 monthly reports.

Mr. Adamson also proposed that with the substantial cash balance in the NYSRC account, the Committee should consider placing the funds in a cash management account that will collect interest. Based on his discussions with the bank and UK&W, this account would pay interest on any cash balance over \$20,000 and would allow access to the cash balance as needed. The Committee discussed the issue and agreed to have Mr. Adamson pursue this proposal with the bank - **AI #21-3**.

### **3.2 NYSRC Policy No. 2-1 (Openness Policy) - Executive Session**

Mr. Sasson summarized the issue raised by Howard Fromer regarding the NYSRC's ability to hold executive sessions during meetings and topics discussed during these executive sessions. The Committee discussed the issue and agreed that NYSRC Policy No. 2 shall be revised to clarify what topics are to be discussed during executive sessions, including administrative and personnel issues, litigation issues, and any other issues as deemed appropriate. Mr. Sasson noted that Committee Members are also bound by the NYSRC Confidentiality Agreement. Mr. Gioia shall draft language to be inserted in the current policy - **AI #21-4**. The Committee agreed that during the Open Session, a brief summary of topics discussed during the Executive Session could be provided. Mr. Bolbrock solicited comments from the visitors. Mr. Chamberlain stated he was in agreement with the Committee

on the issue.

Mr. Loughney also noted that Aaron Breidenbaugh asked a question regarding how the Sector representatives were chosen, which he had forwarded to Mr. Gioia. The Committee discussed this issue noting that the selection procedures were established by the NYISO Board in accordance with the NYSRC Agreement filed at FERC. Mr. Gioia shall also respond to Mr. Breidenbaugh - **AI #21-5**.

### **3.3 NYSRC Funding Waiver**

Mr. Cordeiro reported that he went back to the Municipal System & Electric Cooperative Sector for their position regarding the “Limited Waiver of NYSRC Dues Payable By Represented Entities For The Year 2001,” (“Waiver”), in light of the Committee’s decision at the last meeting to table the FERC filing to fund the NYSRC through a surcharge to the Transmission Owner’s Transmission Service Charge

Cordeiro noted that his Sector will honor their original obligation to fund up to \$70,000 of NYSRC expenditures in 2001 as stated in the Waiver. Messrs. Clayton and Loehr agreed to withdraw their motion and second respectively, to modify the Waiver to reduce the assessment to the Municipal System and Electric Cooperative Sector from \$70,000 to \$10,000, which was tabled by the Committee at the last meeting.

### **4.0 Reliability Rules Subcommittee Status Report/Issues**

**4.1 Subcommittee Status Report & Discussion Items** - Mr. Sasson reported that the Reliability Rules Subcommittee (“RRS”) last met on January 9, 2001. Topics discussed by the RRS included draft Revision 1 of the NYSRC Reliability Rule revisions, along with the proposed Revision 2. The RRS reviewed and categorized all proposed Reliability Rule revisions.

#### **4.2 Status of New/Revised Reliability Rules**

- i. Revision No. 1 to NYSRC Reliability Rules** - Mr. Sasson reported that the RRS reviewed and provided comments on the latest draft Revision No. 1 to the NYSRC Reliability Rules. The Secretary noted that Mr. Gioia has additional comments to be incorporated. The Secretary will incorporate comments received from the RRS and Mr. Gioia into the final draft to be forwarded to the RRS and Committee upon completion - continuation of **AI #14-4**.
- ii. RRS Proposal to Proceed with Revision 2 to NYSRC Reliability Rules** - Mr. Adamson provided a status report on the preparation of Revision 2 to the NYSRC Reliability Rules. The revision will include 12 or more revised Reliability Rules. The Committee discussed and agreed to have the RRS distribute a list of Reliability Rule revisions to be discussed at all future Committee meetings. An item will be added to the Meeting Agenda - **AI #21-6**.
- iii. Bulk Power System Operating Standards** - Mr. O’Neal presented a proposed template to develop Bulk Power System Operating Standards to address operating states and establish performance measures or indices. The Committee agreed to have the RRS meet with the NYISO to obtain their input on the issue - **AI #21-7**.

### 4.3 Other RRS Issues

- i. **Letter to FERC on FERC Staff Report** - Mr. Sasson noted that the RRS drafted a letter to FERC addressing the FERC Staff Report titled, "Investigation of Bulk Power Markets in the Northeast," which has been sent to Mr. Gioia - continuation of **AI #19-7**.
- ii. **Latent Operating Reserves** - Mr. Adams distributed copies of the NYISO letter dated July 28, 2000, sent in response to the NYSRC's July 17, 2000 letter on operating reserves. Mr. O'Neal reported that the NYSRC's December 15, 2000 letter to the NYISO regarding the latent (non-contracted for) operating reserve issue, addressed issues beyond those addressed in the NYISO's July 28<sup>th</sup> letter. Mr. Adams noted that the NYISO is preparing a response to the December 15<sup>th</sup> letter for discussion at the next Committee meeting. Since the NYSRC requested a response in three (3) weeks, Mr. Adams was asked to expedite the NYISO's response - **AI #21-8**.

### 5.0 Installed Capacity Working Group Status Report/Issues

**5.1 ICWG Status Report & Discussion Items** - Mr. Cordeiro reported that the Installed Capacity Working Group ("ICWG") did not meet since issuing the 2001 New York Control Area Installed Capacity Requirements Study ("2001 Study"). The Secretary noted that the 2001 Study Technical Report was posted on the NYSRC web site on December 20, 2000.

- i. **Draft Press Release** - The Committee reviewed the latest draft of the Press Release announcing the NYSRC's decision to maintain the 18% state-wide installed reserve margin requirement for the capability year from May 1, 2001 through April 30, 2002. Additional revisions were provided to Mr. Loehr who shall revise the Press Release and send to the Committee Officers for final review and posting - **AI #21-9**. Mr. Bolbrock noted that in the future, press releases will be prepared by Mr. Loehr, sent simultaneously to the Committee and respective Subcommittee or working group, and finalized by the Committee Officers.
- ii. **ICWG Chairman** - Mr. Bolbrock reported that Mr. Cordeiro has informed him that he is resigning as ICWG Chairman, however, he will remain on the ICWG. Mr. Bolbrock thanked Mr. Cordeiro for his leadership and contributions to the ICWG the past two years. The Committee expressed appreciation for Mr. Cordeiro's leadership of the ICWG. None of the other Committee Members expressed an interest in assuming the position of ICWG Chairman. The Committee agreed to have Mr. Bolbrock request Mr. Dahl of LIPA to assume the position, as recommended by Mr. Cordeiro.

### 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 December 12, 2000, and is scheduled to meet on January 12, 2001. The RCMS discussed the FERC Staff Report on Northeast Bulk Power Markets; NPCC compliance monitoring activities; the NPCC November 3, 2000 NYISO review; NPCC compliance program status and enforceable compliance program (A-8) status; and Con Edison's fault current mitigation solution; in addition to the topics below.

## **6.2 Status of NYSRC Reliability Compliance Program**

- i. Draft Compliance Template** - Mr. Loehr noted that the RCMS sent the 2000 NYRCP Templates, addressing New York specific reliability rules, to the NYISO for review and incorporated the NYISO's comments into the latest draft. The RCMS requested the Committee's approval of the format of the templates. Several comments and revisions were provided and the RCMS was requested to revise the templates and NYSRC Policy No. 4-0 to indicate what the RCMS and Committee is responsible for (i.e. - oversight, assessment, etc.) - **AI #21-10**.
- ii. Draft 2000 NYRCP Results Summary** - Mr. Loehr presented the draft 2000 NYRCP Results Summary and the Committee requested that the RCMS revise the summary report as needed due to the changes made to the templates - **AI #21-10**.

## **7.0 NYISO Studies - Status Report**

**7.1 NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO completed Phase I of the long-term transmission reliability study and a draft report has been completed and posted on the NYISO web site. The Secretary distributed the latest bi-weekly NYISO status report on this study to the Committee.

**7.2 NYISO Reactive Resource Adequacy Study** - Mr. Adams reported that the study has been started and is scheduled for completion by July 1, 2001.

**7.3 Other NYISO Studies** - Mr. Adams reported that the NYISO has started its locational capacity requirements study which is scheduled to be completed by January 31, 2001.

## **8.0 Other Issues**

**8.1 DOE Notice of Inquiry on Reliability Standards** - Mr. Sasson noted that the NYSRC filed a response to the Department of Energy ("DOE") Notice of Inquiry on whether to initiate a rulemaking to impose mandatory electric reliability standards. Mr. Gioia shall send a copy of the final NYSRC response to the DOE to the Committee - **AI #21-11**. The Committee also briefly discussed the NERC and NPCC responses to the DOE.

**8.2 FERC RTO Proceeding** - Mr. Sasson briefly reported on the status of the Regional Transmission Organization ("RTO") proceeding at FERC, noting that the Transmission Owners are working with the NYISO to submit a joint filing stating that the NYISO complies with FERC's definition of an RTO. The Committee agreed that the NYSRC should monitor the RTO process due to potential impacts on the NYSRC. Mr. Gioia shall determine whether the NYSRC will be able to file comments in the FERC RTO Proceeding, and whether the NYSRC must file for party status - **AI #21-12**. The Committee also discussed the activities taking place between the NYISO and ISO New England to develop an agreement on a proposed interregional market plan. The Committee

agreed that the NYSRC should participate in the NYISO/ISO-NE activities to ensure reliability is adequately maintained in any combination of ISOs. Mr. Adams was requested to send the draft NYSIO/ISO-NE agreement to the Committee - **AI #21-13**.

**8.3 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.

**8.4 Schedule for 2001 Meetings** - The Committee discussed and agreed to schedule future Committee meetings, in general, on the second Friday of each month. All future meeting dates are noted below. The Secretary shall make all arrangements for the future meetings - **AI #21-14**.

**8.5 FERC Technical Conference** - The Committee briefly discussed the FERC Technical Conference on the NYISO scheduled for January 22 & 23, 2001, and agreed that the NYSRC should be represented on the panel addressing Energy Markets. Mr. Bolbrock shall contact Mr. Museler to request NYSRC participation on the panel - **AI #21-15**.

## **9.0 Comments**

Mr. Bolbrock solicited comments from the visitors attending the meeting and participating by telephone. No comments were provided.

## **10.0 Meeting Schedule**

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

<b><u>Mtg No.</u></b>	<b><u>Date</u></b>	<b><u>Location</u></b>	<b><u>Time</u></b>
#22	Feb.8	LeBoeuf Lamb Office, New York City	10:00 A.M.
#23	Mar. 8	NYISO Power Control Center, Guilderland	9:30 A.M.
#24	Apr. 12	NYISO Power Control Center, Guilderland	9:30 A.M.
#25	May 11	NPCC Offices - New York City	10:00 A.M.
#26	June 8	NYISO Power Control Center, Guilderland	9:30 A.M.
#27	July 13	NYISO Power Control Center, Guilderland	9:30 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. 21 was adjourned at 2:30 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: February 9, 2001