

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 24 - April 12, 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 - by phone
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) - by phone
Mike Hogan	Central Hudson Gas & Electric Corporation (“CHG&E”)
L. Eng	Niagara Mohawk Power Corporation (“NMPC”)
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc. (“Con Edison”) *
Herbert Schrayshuen	NMPC - 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”)
Howard A. Tarler	PSC

Visitors - Open Session

Peter F. Chamberlain	The E-Cubed Company - by phone *
Chris Young	The E-Cubed Company - by phone *

“*” - Denotes part time attendance at the meeting.

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session - An Executive Session was conducted to address NYSRC funding and governance and a disclosure of business relationship for an Unaffiliated Member.

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive

Committee (“Committee”) were in attendance. Mr. Bolbrock welcomed Mr. Hogan who was attending for Mr. Mennerich; Mr. Schrayshuen who has been appointed as the Alternate Member for NMPC; and the visitors participating by telephone. A letter shall be submitted by NMPC designating Mr. Schrayshuen as the NMPC Alternate Member - **AI #24-1**.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda and no new items were added by the Committee.

1.3 Executive Session Topics - Mr. Bolbrock noted that an Executive Session was conducted to discuss two issues. The first issue was related to NYSRC funding and governance. The second issue was a disclosure of business relationship by Mr. Clagett. After a summary by Mr. Clagett and legal opinion from Mr. Gioia, the Committee agreed that the proposed business relationship is permissible under the NYSRC Code of Conduct.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 23 (March 8, 2001) - After discussion, Mr. Ellsworth moved that the Committee approve the Revised Draft Minutes for Meeting No. 23, which was seconded by Mr. Eng, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary will issue the final minutes for Meeting No. 23 and post them on the NYSRC web site - **AI #24-2**.

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 March 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 nine (9) Members have submitted their payment to date, with \$5,000 still outstanding from one (1) Member. In response to the Call for Funds issued on March 8, 2001, all Members submitted their \$15,000 payment. Mr. Adamson reported that as of April 5, 2001, the NYSRC has a cash balance of approximately \$187,000 with no outstanding invoices.

3.2 NYSRC Funding Proposal - Funding Working Group - Mr. Hauber summarized the proposed funding mechanism developed by the Funding Working Group (“Group”). Mr. Hauber reported that the Group met by conference call on March 26, 2001 and April 6, 2001 to discuss the various NYSRC funding mechanism options and to finalize a recommendation to the Committee. The Group recommended that the NYSRC be funded as follows:

- i.** The first \$540,000 of annual budget expenses shall be funded from a \$60,000 membership fee assessed to each of the NYSRC Affiliated Members, including the Transmission

Owners, the Wholesale Sellers' Sector, the Municipal Electric Systems and Cooperatives' Sector, and the Large Consumers' Sector.

- ii. Annual budget expenses in excess of \$540,000 shall be funded by the Transmission Owners as follows:
 - a. 50% of annual expenses above \$540,000 shall be divided equally among the Transmission Owners.
 - b. 50% of annual expenses above \$540,000 shall be allocated to the Transmission Owners in proportion to their previous year's energy sales.

Mr. Hauber noted that the Group was not making a recommendation on NYSRC staffing since it was not within the scope of its assignment, however, staffing options were provided only for the purposes of providing a range of NYSRC expenses to apply the funding option being recommended. The recommended funding mechanism assumes that the proposed merger of NYSEG and RG&E is completed, leaving six (6) Transmission Owners, and as a result one Unaffiliated Member is added to the NYSRC Executive Committee in 2002. The Group noted that if this membership structure changes at any time in the future, the funding mechanism should be reviewed and revised accordingly. The Group also noted that a mechanism for allocating NYSRC costs based on energy sales must also be developed - **AI #24-3**. Mr. Schrayshuen noted that this allocation mechanism must be based on readily available data and must correctly account for all loads and energy delivered (ESCOs, Municipals, etc.) within the Transmission Owner's service territory.

The Committee discussed the NYSRC funding issue during both the Executive Session and Open Session. During the Open Session, Mr. Cordeiro requested that the proposed mechanism be revised to lock in the membership fee assessed to each Affiliated Member, whether or not the membership structure changes. Mr. Loughney noted that with Multiple Intervenor's ("MI") decision to relinquish its NYSRC membership effective July 31, 2001, the Committee will find it difficult to find another large consumer group willing to cover the membership fee to replace MI. Mr. Eng noted that members of the Group agreed that NYSRC expenditures need to remain at the current level under the proposed mechanism. The Committee agreed that further discussion of this issue is required at the next meeting - **AI #24-4**.

3.3 Selection of NYSRC Sector Representatives - Mr. Gioia recommended, and the Committee agreed that a Selection Working Group comprised of Messrs. Clayton, Cordeiro, Loughney, and Gioia develop and provide a recommendation to the Committee on a selection process for the representatives of the Wholesale Sellers, Large Consumers, and Municipal System & Electric Cooperative Sectors on the NYSRC - continuation of **AI #23-11**. The terms of the existing representatives expire on July 31, 2001.

3.4 Insurance Coverage - The Secretary reported that on March 29, 2001, Mr. Gioia sent a response to the questions posed by AEGIS regarding the renewal of the NYSRC's \$25M Excess Coverage Policy. No response has been received from AEGIS to date. AEGIS has extended the

current policy to May 6, 2001, pending the NYSRC's response to their questions.

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 April 5, 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. Adamson provided a status report on the preparation of Revision No. 2 to the NYSRC Reliability Rules. Mr. Adamson reported that no comments were received from the Committee on the draft of Section B on "Transmission Capability - Planning" and a draft of Sections A-H has been completed. Mr. Adamson reported that the RRS agreed to eliminate Exhibits 2 through 6 in Revision No. 2, but will include a reference to the documents. The RRS recommended, and the Committee agreed, that any measurements being added to Revision No. 2 that are not consistent with the NERC and NPCC, will be posted for review in accordance with NYSRC Policy No. 2, along with all reliability rule revisions, glossary, and any procedures that are being revised from Revision No. 1, or that are not consistent with NERC and NPCC. An updated schedule for the completion of Revision No. 2 was distributed to the Committee. The RRS is scheduled to finalize Revision No. 2 so that it can be sent to the Committee by July 1, 2001.
- ii. Proposed NYSRC Reliability Rule Revisions** - Mr. Clayton reviewed the Priority 1 items on the List of Potential Reliability Rule Changes distributed to the Committee. The Committee then reviewed and discussed seven (7) templates covering fourteen (14) new reliability rules to be included in Revision No. 2. Mr. Clayton entered a motion for Committee approval to post the following reliability rule templates, as modified by the Committee, for open process review in accordance with NYSRC Policy No. 1-2: RR#22 (RR01-01), #31 (RR01-02), #32A (RR01-03), #32B (RR01-04), and #33 (RR01-05). The motion was seconded by Mr. Clagett and unanimously approved by the Committee (13 to 0). Mr. Adamson shall finalize the templates and forward them to the Secretary who will post the templates on the NYSRC web site and issue a notice to market participants - **AI #24-5**. Two other templates RR#35 (RR01-06) and #36 (RR01-07) were sent back to the RRS for further action.

The Committee discussed the issue regarding the need for additional reliability rules in the areas of transmission system expansion planning and generation deliverability. The Committee agreed that the RRS shall instruct 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**. This review shall also include setting up a test case. The RRS shall also request 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**.

4.3 Other RRS Issues

- i. Letter to FERC on FERC Staff Report** - Mr. Gioia distributed a draft letter to FERC Staff addressing issues regarding the NYSRC that were included in the FERC Staff Report titled, "Investigation of Bulk Power Markets in the Northeast." The Committee shall review the draft letter and submit comments to Mr. Gioia by April 20, 2001, who shall finalize the letter and send it to FERC Staff - **AI #24-6**.

5.0 Installed Capacity Working Group Status Report/Issues

- 5.1 ICWG Status Report & Discussion Items** - Mr. Cordeiro had nothing to report for the Installed Capacity Working Group ("ICWG"). Mr. Gioia reported that the 2001 New York Control Area Installed Capacity Requirements Study ("2001 IRM Study") was filed at FERC for informational purposes on March 9, 2001.

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") met on April 9, 2001.

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

- i. 2000 NYSRC Reliability Compliance Program Results Summary** - Mr. Loehr verified that the 2000 NYRCP Results Summary distributed at the February 8, 2001 meeting is final. The RCMS has decided to use a new format for the 2001.
- ii. 2001 NYSRC Reliability Compliance Program - Responsibilities & Milestones** - Mr. Loehr reviewed the document being proposed by the RCMS for the 2001 NYRCP. The Responsibilities & Milestones document will be issued monthly to the Committee. Mr. Loehr also reviewed the draft Compliance Monitoring Assessment form to be used for each of the reliability rules for which compliance will be monitored in 2001. The RCMS will maintain a file of all assessment forms and will look into whether these documents should be posted on the web site. The Committee agreed to use both documents for the 2001 NYRCP.

6.3 Other RCMS Issues

- i. Non-Contracted For Operating Reserves** - Mr. Loehr reported that the RCMS has not met with the NYISO to discuss the NYISO's February 7, 2001 response to the NYSRC's December 15, 2000 letter regarding the non-contracted for operating reserve issue. Mr. Loehr requested further direction from the Committee. The Committee directed the RCMS to have a conference call with the NYISO to discuss what authority the NYISO has to address an emergency condition in meeting the intent of the thirty (30) minute replenishment rule. See item **6.3 iii** below.
- ii. RCMS Review of the NYISO Locational ICAP Requirements Study** - Mr. Loehr

reported that the RCMS has reviewed the NYISO Study and sent a list of questions and comments on the study to the NYISO on April 9, 2001. Mr. Loehr presented Assessment No. 1 to the Committee noting that the NYISO is in full compliance with NYSRC Reliability Rule 3.1.2. Mr. Ellsworth moved that the Committee approve Assessment No. 1, which was seconded by Mr. Cordeiro, and approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). Mr. Gioia noted that the NYSRC is on notice that a concern has been raised regarding the data used in the 2001 IRM Study and the process to determine the locational installed capacity requirements. The ICWG will need to ensure that the data used in future studies is correct and consistent.

- iii. **NYISO Review of Non-ICAP Provider Obligations Under Emergencies** - Mr. Gioia referenced Section 4.13 of the NYISO Services Tariff to address what steps the NYISO can take under a emergency condition. This issue shall be discussed with the NYISO in conjunction with the issue raised in item **6.3 i** above - continuation of **AI #23-7**.
- iv. **Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Mr. Adams noted that on April 9, 2001, the NYISO responded by email to concerns raised by Mr. Sasson in his February 9, 2001 email to the Committee regarding the commitment of generating units by the NYISO without taking into consideration the minimum down time requirements of the units.
- v. **NYSRC Policy No. 2 - Openness Policy** - Mr. Loehr discussed the proposed text for inclusion in NYSRC Policy No. 2 for handling documentation received from other entities that is required for the RCMS to monitor compliance. Mr. Loehr shall provide the draft language to the Secretary - continuation of **AI #23-9**.
- vi. **NERC Agreement for Regional Compliance & Enforcement Programs - NPCC Letter** - The Committee briefly discussed the March 30, 2001 letter from NPCC to NERC, noting that the NPCC reserves the right to withdraw from the NERC Agreement if the imposition of monetary sanctions becomes a requirement for continuing participation in the NERC Agreement.

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 - No report was provided.

7.4 Other NYISO Studies

- i. **NYSERDA Gas Study** - The NYISO is co-funding a study of the gas infrastructure (transmission and distribution) to accommodate future growth, especially in light of the proposed new generation in New York. The NYISO is working with NYSERDA to develop a request for proposal to complete the study in 2002.

8.0 Other Issues

8.1 DOE Notice of Inquiry on Reliability Standards - Mr. Gioia noted that there was nothing new to report on the Department of Energy's ("DOE") Notice of Inquiry proceeding. The DOE has not set any dates for further actions in the proceeding and is waiting for guidance from the Bush administration.

8.2 FERC RTO Proceeding - Mr. Gioia noted that the NYSRC filed comments at FERC on March 23, 2001 in the Regional Transmission Organization ("RTO") proceeding, to address comments filed by other parties regarding the NYSRC.

8.3 Millennium Gas Pipeline Proceeding - The Committee discussed the March 8, 2001 FERC order in the Millennium Pipeline Company ("Millennium") Gas Pipeline Proceeding. Mr. Tarler summarized the Memorandum of Understanding ("MOU") executed by Millennium and the PSC on April 9, 2001 to address PSC concerns with the proposed routing. The Committee instructed the RRS to review the MOU and latest proposed pipeline routing and determine whether the NYSRC should file additional comments in the proceeding, which are due to FERC on April 30, 2001 - **AI #24-7**.

8.4 Data Availability & Confidentiality - Mr. Bolbrock reported that work is continuing on the concern raised regarding the ability of the NYSRC to obtain data from the NYISO and NPCC to effectively defend the results of the State-wide IRM Study and to complete compliance monitoring activities. Mr. Bolbrock shall contact Mr. Museler to discuss (1) the NYSRC's requirements for data and why the NYSRC is entitled to receive this data, (2) what are the NYISO's concerns with providing this data to the NYSRC, and (3) how can the NYSRC address the NYISO's concerns, thus allowing the NYSRC to receive the data - continuation of **AI #23-10**.

8.5 NYC & Long Island Generation Project Status - Mr. Haase reported on the status of the ten (10) new generation installations by NYPA, noting that all units are scheduled to be completed by June 1, 2001.

8.6 Long Island Sound Cable Project Status - Mr. Bolbrock reported that the Connecticut Siting Board rejected the proposed routing of the cable across Long Island Sound. An appeal is forthcoming, along with an alternate routing proposal.

8.7 EIA Electric Power Forms - Mr. Loehr sent an email to the Committee on March 31, 2001 concerning the Energy Information Administration's proposed changes to its collection of electric power information.

8.8 Energy Legislation - Mr. Gioia reported that new energy legislation has been introduced in

Washington and that the NYSRC should continue to monitor activities.

9.0 Visitor Comments

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

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:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#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. 24 was adjourned at 3:45 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: May 11, 2001