

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 38 – June 14, 2002
Albany Country Club - Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
William H. Clagett	Unaffiliated Member - Chairman
Roger E. Clayton	Wholesale Seller’s Sector; PG&E National Energy Group
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; 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”) – Vice Chairman
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)-by phone
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Large Consumer’s Sector; Couch, White, LLP - Alternate
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
Anthony M. Giasi	Consolidated Edison Co. of NY – Alternate (for M. Sasson)
Herbert Schrayshuen	National Grid, USA – Alternate

Others

John M. Adams	New York Independent System Operator (“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”)

Visitors - Open Session

Tom Gentile	National Grid, USA
Steven Keller	NY DPS *

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

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was held after the Open Session to discuss the proposed Northeast Regional Transmission Organization (“NE RTO”).

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) participated in person or by phone.

1.2 Requests for Additional Agenda Items - The Committee reviewed and approved the agenda

with one additional item covered under Item 8.6.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 37 (May 10, 2002) – After brief discussion by the Committee, Mr. Mennerich moved that the Committee approve the Revised Draft Minutes for Meeting No. 37 as modified, which was seconded by Mr. Loehr, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue the final minutes for Meeting No. 37 and post them on the NYSRC web site - **AI #38-1**.

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.

- i. Summary of Receipts & Disbursements** – Mr. Adamson presented the May 2002 Summary of Receipts and Disbursements, noting that as of June 4, 2002, the NYSRC had a cash balance of approximately \$187,000.
- ii. Third Quarter Assessment** - After discussing the NYISO Insurance Coverage (Item 3.2), the Committee agreed that the Call for Funds to collect the third quarter assessment can be deferred to the next Committee meeting.

3.2 NYSRC Insurance Coverage - Excess Liability Coverage – Mr. Gioia reported that the Working Group of Risk Management experts from the NYSRC Members reviewed the quote from AEGIS to renew the NYSRC's Excess Liability and Professional Liability insurance coverage. The Working Group concluded that the Committee should not renew the existing policy with AEGIS at the significantly higher premium. After discussion by the Committee, the Transmission Owners, who would bear any liability if a claim was filed against the NYSRC damages as a result of gross negligence, agreed that the NYSRC should not renew the policy or extend the existing policy for another 30 days. Mr. Bolbrock moved that the Committee not renew the Excess Liability coverage or extend the existing policy, which was seconded by Mr. Mennerich, and approved by the Committee by a vote of 12 to 0, with Mr. Clayton abstaining. Mr. Gioia also reported that a quote was received to extend the Commercial General Liability and Hired & Non-Owned Automobile coverage. The Committee agreed to renew the policy pending Mr. Gioia's confirmation of the need for the coverage and the premium amount – **AI #38-2**.

3.3 Selection Committee – 4th Unaffiliated Member – Mr. Loughney provided a status report on the selection process and candidates for the 4th Unaffiliated Member position that will be created upon the closing of the proposed NYSEG/RG&E merger, still scheduled for the end of June 2002. Mr. Loughney noted that the Selection Committee met and agreed to proceed with interviewing three (3) candidates on June 21, 2002. The Committee agreed to continue with the interviews, however, no decision shall be made until the NYSEG/RG&E merger is finalized.

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 June 6, 2002. The main topics of discussion during the meeting included new reliability rule proposals, the draft deliverability study white paper, and the draft NYSRC Policy No. 1-3. The next RRS meeting is scheduled for July 3, 2002.

4.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rule Revisions

- a. List of Potential Reliability Rule Changes** - Mr. Clayton reviewed the latest List of Potential Reliability Rule Changes.
- b. Status of New/Revised Reliability Rules** – Mr. Clayton reported on the following Proposed Reliability Rules (“PRR”), in addition to briefly discussing the status of PRRs # 8, 18, 20, 29, 50, 51 and 52:
 - 1. PRRs for Final Approval: PRR#48 (RR02-04)**– Mr. Clayton reported that no comments were received on the draft template revising Rule to the Reliability Rules. Mr. Bolbrock moved that the Committee grant final approval of PRR #48, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post PRR #48 on the web site and issue a notice to Market Participants regarding the final approval of the PRR – **AI #38-3**.
 - 2. PRRs for Approval to Post for Comments: PRR#46 (RR02-05)**: Restoration of 10 & 30 Minute Reserves – Mr. Clayton reported that the RRS discussed, but did not reach a consensus on the revised text of the PRR, required as a result of the comments submitted by Mr. Adams raising NYISO Operations concerns with the monthly reporting requirements in the existing measurement. Therefore, no Committee action was requested by the RRS. RRS recommended that a point person(s) be appointed at the NYISO to ensure that PRRs are thoroughly reviewed. The Secretary shall copy Messrs. Adams and Calimano on all future notices regarding PRRs.

4.3 Other RRS Issues

- i. Draft NYSRC Policy No. 1-3** – Mr. Adamson reported that Messrs. Adams, Adamson, Clayton and Gioia met and prepared a final draft of NYSRC Policy No. 1 (“Procedure for Reviewing, Developing, Modifying, and Disseminating NYSRC Reliability Rules”). Mr. Ellsworth moved that the Committee approve the final draft of NYSRC Policy No. 1-3, which was seconded by Mr. Loughney and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post the document on the web site – **AI #38-4**.
- ii. Applications of NYSRC Reliability Rules** – Mr. Adamson reported that the Applications of NYSRC Reliability Rules (“Applications”) have been updated to incorporate the change in Reliability Rule numbering and the Introduction is currently being updated. Mr. Adamson is working with the NYISO to update the NYISO Transmission &

Dispatching Manual to include the latest Applications. The Committee agreed that the Applications shall be reviewed by the Committee.

- iii. **NERC Organization Standards Process** – Mr. Adamson reported that the NYSRC has been accepted by the NERC as a Registered Ballot Body under the category of ISOs/RTOs/ Regional Reliability Councils. Mr. Adamson briefly summarized the NERC Process Diagram distributed to the Committee.

5.0 Installed Capacity Working Group Status Report/Issues

5.1 ICWG Status Report & Discussion Items – Messrs. Clayton and Adamson reported on the activities of the Installed Capacity Working Group (“ICWG”).

- i. **Deliverability Issues Study** – Mr. Clayton reported that the ICWG and RRS reviewed the draft a white paper discussing the deliverability issue. The concern raised is the potential for intra-zonal transmission constraints (bottled generation) adversely impacting the loss-of-load expectancy. The ICWG identified two (2) options to address the issue of intra-zonal congestion; however, both options have economic and regulatory impacts. After considerable discussion by the Committee, it was agreed that the NYISO shall be responsible for considering intra-zonal transmission constraints in its evaluation of LSE and locational ICAP requirements, and that the ICWG shall determine whether the existing Reliability Rules A-R1 and A-R2 can be interpreted to address this NYISO responsibility. If the answer is “yes”, the ICWG shall prepare a letter to the NYSRC Executive Committee informing them of the finding. If the answer is “no”, a consideration shall be made to revise the Reliability Rules – **AI #38-5**.
- ii. **IRM Study Criterion in Other Areas** – Mr. Adamson reported that the ICWG will discuss the survey responses received from the other NERC regions on LOLE criteria trends – continuation of **AI #33-7**.
- iii. **2003-2004 Statewide IRM Study** - Mr. Adamson reported that the ICWG is scheduled to meet the week of June 17th to develop the assumptions for the completion of the 2003-2004 Statewide IRM Study. The Study Report is scheduled to be issued to the Committee in December 2002.
- iv. **Proposal to Change ICWG to a Subcommittee** – Mr. Clayton reported that the RRS discussed and agreed to changing the ICWG to the Installed Capacity Subcommittee directly reporting to the Executive Committee. The RRS reviewed the NYSRC agreements and bylaws and found no restrictions. Mr. Clayton moved that the Committee approve the conversion of the ICWG to the ICS, which was seconded by Mr. Bolbrock and unanimously approved by the Committee Members in attendance (13 to 0). Mr. Gioia suggested that a document be prepared summarizing the structure of the NYSRC Subcommittees.

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 13, 2002. Mr. Loehr briefly summarized

some of the RCMS discussion topics, including the RCMS' review of the number of NYISO declared alert states due to frequency. The RCMS is scheduled to meet again on July 11, 2002.

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

- i. 2002 NYRCP Responsibilities & Milestones (“Scorecard”)** - Mr. Loehr briefly summarized the 2002 Responsibilities & Milestones document, which includes scheduled completion dates for all assessments.
- ii. 2002 NYRCP Assessments** - Mr. Loehr noted that no new assessments were distributed to the Committee.
- iii. Compliance Template Manual** – Mr. Loehr reported that the NYSRC Compliance Template Manual was posted for comments, with no comments received by the May 30, 2002 deadline. Mr. Loehr moved that the Committee approve the document as modified, which was seconded by Mr. Clayton and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall post the final document on the web site – **AI #38-6**.

6.3 Other RCMS Issues

- i. NYISO UPS Failure** – Mr. Loehr reported that the RCMS has determined that there is no need for a new reliability rule or revision to an existing rule as a result of the investigation into the NYISO's UPS failure in 2001. RCMS will submit a template to the RRS for a new measurement.
- ii. NPCC Minimum Maintenance Compliance Process** – The NYISO System Protection Advisory Subcommittee (“SPAS”) is drafting a document for NYISO Operating Committee consideration, requiring a minimum level of maintenance of protection systems, without the requirement for redundant protection systems. The Committee agreed that a letter shall be sent from the RCMS to the NYISO recommending that SPAS work closely with the System Operations Advisory Subcommittee (“SOAS”) on the development of the Bulk Power System facility list.
- iii. NYCA Resource Adequacy Study (Triennial Review)** – Mr. Loehr distributed a summary of the NYISO's 2002 NYCA Resource Adequacy Study results.

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

7.1 NYISO Transmission Reliability Study – The final draft report on the Annual Transmission Reliability Assessment (“ATRA”) study was approved by the NYISO Operating Committee on May 23, 2002, and is scheduled to be brought to the NYISO Management Committee on June 19, 2002.

7.2 NYISO Reactive Resource Adequacy Study – A schedule is being developed by NYISO Operations.

7.3 NYSERDA/NYISO Gas Study – The schedule appears to be slipping for completion of the NYSERDA/NYISO Gas Study.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding – Mr. Gioia reported that discussions are continuing between the Millennium Pipeline Company (“Millennium”) and the NYS Department of State, who rejected the proposed pipeline routing due to several concerns, including routing and blasting to be performed in the Hudson River and the closeness of the pipeline to electric transmission lines.

8.2 Reliability Legislation Update – No report was provided.

8.3 NY State Energy Plan – Mr. Gioia reported that the NYS Energy Board approved the Final NY State Energy Plan.

8.4 NYISO Operations Report - The Secretary distributed the NYISO operations report with a comparison of 2000-2002 operating information.

8.5 FERC NOPR on Generator Interconnections – Mr. Clayton reported on the status of FERC’s Notice of Proposed Rulemaking (“NOPR”) proposing a standard generation interconnection agreement and procedures. Comments on the NOPR are due by June 17, 2002.

8.6 NPCC Executive Committee – Mr. Bolbrock reported on the items discussed at the June 6, 2002 NPCC Executive Committee meeting.

9.0 Visitor Comments

Mr. Clagett solicited comments from the single visitor. No comments were provided. Mr. Mennerich announced to the Committee that he will be retiring from CHG&E the end of June. The Committee recognized and thanked Mr. Mennerich for his contributions to the NYSRC and the NYPP committees during his career at CHG&E.

10.0 Meeting Schedule

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#39	July 12	Albany Country Club, Voorheesville, NY	9:30 A.M.
#40	August 9	Albany Country Club, Voorheesville, NY	9:30 A.M.
#41	September 13	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 38 was adjourned at 1:55 PM.

Completed By: Joseph C. Fleury - Secretary
Final Issue Date: July 15, 2002