

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 39 – July 12, 2002
Albany Country Club – Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”)
William H. Clagett	Unaffiliated Member – Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc
Thomas C. Duffy	Central Hudson Gas & Electric Corporation (“CHG&E”)
Bruce B. Ellsworth	Unaffiliated Member
Larry Eng	National Grid, USA
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 – by phone*
Michael Mager	Large Consumer’s Sector; Couch, White, LLP – Alternate
Mayer Sasson	Consolidated Edison Co. of NY

Others

John M. Adams	New York Independent Systems Operator (“NYISO”)
Alan M. Adamson	Consultant & Treasurer
Steven Keller	NYS Department of Public Service (“NY DPS” or “PSC”) (for Edward Schrom)
Paul L. Gioia	LeBoeuf Lamb Green & MacRae (“LLG&M”)

Visitors – Open Session

Erin Hogan	NYSERDA
Ray Plaskon	KeySpan – Ravenswood
George Pond	Hiscock & Barclay (for American National Power)
Robert Waldele	New York Independent System Operator (“NYISO”)*

“*” – 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 a report from the Selection Committee, a review of a proposed amendment to the NYSRC Certification of Formation, and status of the Northeast Regional Transmission Organization (“NERTO”).
- II. Open Session**
- 1.0 Introduction**
- 1.1 Meeting Attendees** – Eleven (11) 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 three additional items covered under Items 8.6, 8.7, and 8.8.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 Approval of Minutes for Meeting No. 38 (June 14, 2002)** – After brief discussion by the Committee, it was moved and seconded that the Committee approve the Revised Draft Minutes for Meeting No. 38, and approved unanimously by the Committee Members in attendance (11 to 0). The Secretary shall issue the final minutes for Meeting No. 38 and post them on the NYSRC web site – **AI #39-1**.
- 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. **Summary of Receipts & Disbursements** – Mr. Adamson presented the June 2002 Summary of Receipts and Disbursements, noting that as of July 3, 2002, the NYSRC had a cash balance of approximately \$172,000. Mr. Adamson also reported that he has estimated monthly expenses for the period July 1 through December 31, 2002, and concluded that additional funds are not required until October 1. He projects the assessment for each Transmission Owner for meeting October to December 2002 funding requirements will be in the range of \$20,000 to \$25,000. The Committee will agree on the specific amount for an October 1 call for funds during the September 13 meeting.
- 3.2 NYSRC Insurance Coverage** – At the June 14, 2002 Committee meeting, Mr. Gioia agreed to confirm the need to extend the Commercial General Liability and Hired & Non-Owned Automobile coverage. Following e-mail communication with Committee members and a consensus agreement that this coverage is justified, Mr. Gioia has renewed the policy. Also, extending the 12-month Discovery Period of its present Excess Liability policy for an additional premium. Based on recent e-mail communication with Committee members, the conclusion of the Committee was that, because of last month’s decision not to renew Excess Liability coverage, there is no reason to extend the Discovery Period.
- 3.3 Selection Committee – 4th Unaffiliated Member** – It was reported from the Executive Session that the Selection Committee conducted interviews on June 21, 2002 with three candidates for the 4th Unaffiliated Member position that was created by the NYSEG/RG&E consolidation in June 2002. After discussion it was moved and seconded that Mr. George E. Smith be selected to fill this position. The motion was passed unanimously by the Committee Members in attendance (11-0). Mr. Loughney was requested to contact Mr. Smith to seek his agreement to accept this position.
- 4.0 Reliability Rules Subcommittee Status Report/Issues**
- 4.1 Subcommittee Status Report & Discussion Items** – Mr. Adamson reported on Reliability Rules Subcommittee (“RRS”) activities in Mr. Clayton’s absence. The RRS

meeting, scheduled for July 3, 2002, was canceled. The next meeting is scheduled for August 1, 2002.

4.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rule Revisions

a. List of Potential Reliability Rule Changes – Mr. Adamson reported that there has been no change in the status of the List of Potential Reliability Rule Changes since the June 14 Committee meeting. Presently RRS is considering eight proposed rule or definition changes.

b. Status of New/Revised Reliability Rules – Mr. Adamson reported the status of the Proposed Reliability Rules (“PRR”) for Committee action as follows:

- 1. PRRs for Final Approval:** None.
- 2. PRRs for Approval to Post for Comments:** None.

4.3 Other RRS Issues

i. Applications of NYSRC Reliability Rules – It is expected that RRS will approve revisions to the Applications of NYSRC Reliability Rules (“Applications”) and the Introduction to the Applications at its next meeting. Following approval by RRS, the updated Applications will be reviewed by the Committee.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Adamson reported that ICS last met on July 9, 2002 and is scheduled to meet again on August 5, 2002. He reviewed a status report on Installed Capacity Subcommittee (“ICS”) activities, dated July 5, 2002, prepared by Mr. Curt Dahl. The report covers the status of the Deliverability Study, NYSRC IRM Criterion, and 2003-2004 Statewide IRM Study, as follows:

i. Deliverability Study Status Report – In addition to the above status report, Mr. Adamson referred to a separate letter to the Committee from Mr. Dahl on a ICS assignment from the June 14, 2002 Committee meeting. That assignment was to review existing NYSRC Reliability Rules to determine if the Rules now require the NYISO to consider intra-zonal transmission constraints (“bottled generation”) in its studies for determining LSE ICAP requirements. ICS has concluded that there is sufficient language in NYSRC Reliability Rules A-R1 and A-R2 to require NYISO consideration of bottled generation; therefore, no changes are required to these Rules. In addition, Mr. Arthur Desell of NYISO Staff has indicated that the NYISO ICAP Manual will be revised to comply with this requirement. The Reliability Compliance Subcommittee (RCMS), with help as needed from ICS, will monitor NYISO compliance with the requirement to address the reliability impact of bottled capacity, as part of the annual NYISO Locational Capacity Requirement Study. The Committee accepted this ICS finding and recommendation. The ICS is preparing a report to the Executive Committee that will summarize Task 1 of the Deliverability Study as identified in the study scope, dated September 10, 2001.

ii. Report on IRM Study Criterion in Other Areas – At NYSRC Executive Committee Meeting #33, the Committee requested ICS to review whether to make the NYSRC LOLE criterion more stringent. As part of this review, ICS was requested to

survey the NERC Regions to determine whether any Regions are considering changing their resource adequacy criteria. As previously reported, none of the Regions that responded to the survey reported that they are contemplating changes. Many of the study assumptions that ICS currently uses in its reliability studies are conservative in that they tend to increase LOLE and ICAP requirements. For these reasons, ICS has concluded that there is presently no basis for making the LOLE criterion more stringent. The Committee accepted this conclusion.

- iii. **2003-2004 Statewide IRM Study** – ICS continues to work with the NYISO staff to update the assumptions to be used for this study. Key assumptions that are now being updated include the load model, load forecast uncertainty model, transmission capabilities, and cable outage rates. The current plan is to transmit a draft report to the Committee in November 2002 with final approval in December 2002.
- iv. **ICS Work Scope** – The Committee reviewed a final draft of the ICS work scope. The Committee approved the work scope with modifications. Mr. Adamson will make the necessary modifications and request the Secretary to post the ICS work scope on the NYSRC web site – **AI #39-2**.

6.0 Reliability Compliance Monitoring Subcommittee Status/Issues

6.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS last met on July 11. Mr. Loehr briefly reviewed the RCMS discussion topics. The RCMS is scheduled to meet again on August 8, 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 and designated compliance levels.
- ii. **2002 NYRCP Assessments** – Mr. Loehr reported that at its last meeting, RCMS completed compliance reviews for eight NYISO assessments. It found all eight assessments to be in full compliance with the NYSRC Reliability Rules. Compliance forms for these assessments will be distributed to the Committee before its next meeting. RCMS has expressed concern about the large number of system frequency declines reported in the NYISO monthly operating reports.

6.3 Other RCMS Issues

- i. **Formal Implementation of Compliance Program** – With the NYSRC Compliance Template Manual now approved and posted, RCMS will formally initiate the NYSRC compliance program, which will include notification letters for non-compliance of the NYSRC Reliability Rules.
- ii. **Reliability Rule Templates** – In accordance with Policy 3-1, RCMS will submit two draft rule templates to RRS: A new measurement and associated compliance elements for Rule J-R2 and compliance elements for Measurement B-M4, which was recently approved by the Committee.

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

- 7.1 NYISO Transmission Reliability Study** – The NYISO is scheduled to shortly finalize the cost allocation for the remaining “Class of 2001” generating units.
- 7.2 NYISO Reactive Resource Adequacy Study** – Mr. Robert Waldele of NYISO staff provided a status report of the NYISO operating reactive studies. There have been a number of low voltage events for which the ISO found could not be reconstructed using present models. In addition, the ISO determined that the reactive capacity of many generating units were not tested in accordance with NYSRC Rules and ISO procedures. The ISO is presently developing a work plan to perform near-term system analysis and to identify longer-term issues. Objectives of the study include identification of a method for determining end use reactive requirements and to define adequacy of reactive resources in terms of reactive responsibilities of LSEs and generation owners.
- 7.3 NYSERDA/NYISO Gas Study** – Mr. Adams distributed and discussed a status report on the NYSERDA/NYISO Gas Study. Results of Task 4 of the study, which is now complete, indicates that under a broad set of assumptions, there are sufficient fuel supplies available to electric generation for load to be met. The study is now moving to the contingency and technology transfer phases. It was noted that the gas model for the contingency phase will not look downstream of the city gates. Because of this study limitation, Mr. Ellsworth was requested to prepare a letter to Mr. Tarler indicating the NYSRC’s concern that this assumption will not give an accurate picture of capabilities to generating stations located past the city gates. The letter will ask whether the PSC, or other organizations Mr. Tarler has knowledge of, intend to conduct such studies. Mr. Ellsworth will send a draft of this letter to Mr. Gioia for his review prior to submission – **AI #39-3.**
- 7.4 NYCA Load Conditions During the Week of June 30, 2002** – Mr. Adams reviewed preliminary loads for this week. The peak load on July 3 exceeded forecast because of warmer than expected peak load forecast temperatures. It is likely that if there were no holiday during the week, higher loads would have resulted. Despite these high load conditions, NYCA was a net exporter to Ontario and PJM. It was also noted that Southeast New York load is growing at a higher rate than in Upstate New York.
- 7.5 Frequency Excursions** – Mr. Adams discussed a report prepared by the NERC Frequency Excursion Task Force (“FETF”) that reviewed recent frequency excursions in the Eastern Interconnection. FETF has concluded that there is evidence of increasing “frequency noise” that results in a reliability risk caused by unscheduled flows associated with control area unbalances. FETF is also concerned that the cause of these excursions cannot be determined because of limited tools to locate and record these events.
- 7.6 NYISO Load & Capacity Report** – The 2002 report has been published and is available on the NYISO web site.
- 8.0 Other Items**
- 8.1 Millennium Gas Pipeline Proceeding** – Mr. Gioia had nothing new to report on this proceeding.

- 8.2 Reliability Legislation Update** – Mr. Gioia had nothing new to report on this legislation.
- 8.3 NY State Energy Plan** – Ms. Hogan reported that the final NY State Energy Plan is now available on the NYSERDA website. It was noted that NYSRC comments are included in the report.
- 8.4 NYISO Operations Report** – Because June 2002 NYISO operating data was unavailable, the NYISO Operations Report has not yet been updated.
- 8.5 FERC NOPR on Generator Interconnections** – No report was provided.
- 8.6 Obligations of Non-ICAP Generation During Emergencies** – Mr. Sasson stated that there is currently no NYSRC Reliability Rule requiring generation owners to make non-ICAP units available to the NYCA during system emergencies. He suggested that a new Rule may be warranted to include this generation owner responsibility. After Committee discussion, Mr. Adams was requested to research existing NYISO tariffs and operating manuals to determine whether they cover such a requirement. It was also suggested that a prior memo on the subject by the NYISO counsel be reviewed– **AI #39-4**.
- 8.7 KeySpan-Ravenswood Report on the Impact of Generation in the PJM Control Area on Circuit Breakers at Sprainbrook and Farragut Substations** – Mr. Brian McCabe, Director of KeySpan Generation Development transmitted this report, dated July 5, 2002, to Mr. Clagett. Mr. Ray Plaskon, representing KeySpan-Revenswood, presented an overview of a KeySpan-Ravenswood concern that their studies show that existing and future system conditions may cause certain circuit breakers to exceed their capacity ratings. Because of this potential reliability concern, they request the NYSRC to encourage the NYISO to re-study their earlier ISO studies with updated databases. After Committee discussion, it was agreed to (1) request Mr. Adams to provide a copy of a NYISO response, if any, to KeySpan-Ravenswood concerning the report, and (2) invite representatives of KeySpan-Ravenswood, the NYISO, and Con Edison to the next meeting of RCMS, scheduled for August 8, 2002, to fully review this issue. Messrs. Adams and Sasson will notify Mr. Loehr as to who from their companies will attend this RCMS meeting – **AI #39-5 & AI #39-6**.
- 8.8 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth reported on a recent meeting of NAESB, at which it was announced that the organization of an advisory board for regional and state reliability organizations was being considered. He recommended that the NYSRC advise the NAESB of its interest in becoming a member if such an advisory board is formed. The Committee supported pursuing such action.
- 9.0 Visitor Comments**
Mr. Clagett solicited comments from the visitors. No comments were provided.

10.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#40	August 9	Albany Country Club, Voorheesville, NY	9:30 A.M.
#41	September 13	Albany Country Club, Voorheesville, NY	9:30 A.M.
#42	October 11	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 39 was adjourned at 12:20 p.m.

Completed By: Alan M. Adamson – Acting Secretary
Final Issue Date: August 12, 2002