

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 9 - January 11, 2000**  
**Northeast Power Coordinating Council Offices - New York City, N.Y.**

**Members and Alternates:**

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
John A. Casazza	Unaffiliated Member
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase *	New York Power Authority (“NYPA”) - by phone
Larry Hochberg	NYPA
George C. Loehr	Unaffiliated Member
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond	Niagara Mohawk Power Corporation (“NMPC”) - by phone
Mayer Sasson	Consolidated Edison Co. of New York, Inc. (“Con Edison”)
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)

**Others**

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant - Acting Treasurer
John P. Buechler	NYISO (Alternate)
Paul L. Gioia *	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - Legal Counsel
Keith O’Neal	New York Public Service Commission (“PSC”)
Howard A. Tarler	PSC

\* - Denotes individual was in attendance part time.

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

**1.0 Introduction/Open Session Topics**

By letter to Mr. Bolbrock dated January 11, 2000, Mr. Haase authorized that Mr. Hochberg would be serving as NYPA’s representative at the meeting and holding NYPA’s proxy for all voting.

The Committee discussed various topics to be addressed during the Open Session. See below.

## **2.0 Approval of December 6, 1999 Minutes - Meeting No. 8**

After Committee discussion, Mr. Casazza moved that the Revised Draft Minutes from Meeting No. 8 be approved as modified, which was seconded by Mr. Mennerich, and carried unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary will issue the final minutes for Meeting No. 8 - **AI #9-1**.

The Secretary distributed a copy of the Outstanding Action Items List and revised Membership Roster to the Committee.

## **3.0 Organizational Issues**

### **3.1 NYSRC Operating & Reimbursement Agreements**

Mr. Gioia reported that the NYSRC Operating Agreement was executed by all members, while the NYSRC Reimbursement Agreement has been signed by all members, except for Multiple Intervenors ("MI"). Mr. Gioia distributed a January 10, 2000 letter regarding liability issues and protections afforded by the Limited Liability Company ("L.L.C."), in response to a request by Mr. Loughney. After reviewing the letter, Mr. Loughney stated that MI will execute the Reimbursement Agreement - continuation of **AI #8-3**. Mr. Gioia shall send one set of the executed Operating and Reimbursement Agreements to the Secretary for the NYSRC files. The Secretary shall provide copies of the executed agreements to the Committee - **AI #9-2**.

### **3.2 Tax Exempt Filing Status**

Mr. Gioia reported that Mr. Kenworthy of LLG&M sent an advance submission document to the Internal Revenue Service ("IRS") and was participating in a conference call today with the IRS. Discussions to date with the IRS indicate that there are no significant issues. Mr. Gioia also noted that a federal tax identification number has been assigned to the NYSRC and that LLG&M has responded to questions from the NYS Department of Taxation.

### **3.3 Legal Counsel**

Mr. Gioia distributed a breakdown of 1999 NYSRC legal expenses which are included in LLG&M's NYISO transition invoices through November 1999. December 1999 legal expenses are being charged to the NYSRC directly. Mr. Gioia noted that for the 2000 NYSRC Budget, legal expenses are estimated to be \$10,000/month. Mr. Gioia shall provide a draft Legal Counsel Agreement to Mr. Bolbrock prior to the next meeting - continuation of **AI #5-9**.

### **3.4 Financial Issues**

#### **a. NYSRC Policy No. 3-0: Accounting Procedure**

Mr. Adamson reported that a third meeting was held with Urbach Kahn & Werlin PC (“UK&W”) to discuss accounting issues. The Committee discussed the latest draft NYSRC Policy No. 3-0, Accounting Procedure and provided additional modifications. Mr. Loughney moved that the Policy No. 3-0 be approved as modified, which was seconded by Mr. Sasson, and carried unanimously by the Committee Members in attendance (10 to 0, 3 absent). The Secretary will issue the final Policy No. 3-0 - **AI #9-3**.

Mr. Bolbrock briefly discussed his letter dated January 7, 2000, regarding the retainer fee for the Unaffiliated Members. Mr. Mennerich moved that the retainer fee schedule and amounts proposed in Mr. Bolbrock’s January 7, 2000 letter be approved, which was seconded by Mr. Loughney, and carried unanimously by the Committee Members in attendance (12 to 0, 1 absent).

#### **b. Funding Mechanism**

Mr. Gioia noted that the FERC filing to revise the various NYISO and NYSRC tariffs and agreements to include the proposed NYSRC funding mechanism, was made on December 22, 1999, and was noticed by the FERC on December 28, 1999. The FERC set a deadline of January 11, 2000 to file protests and interventions. He noted that to date, MI and Con Edison have filed in support of the proposed revisions, and Mr. Buechler noted that the NYISO filed an intervention. Mr. Gioia will continue to monitor activity in the FERC proceeding.

#### **c. NYSRC Treasurer’s Report**

Mr. Adamson reported that all parties except two, have submitted their payments in response to the November 5, 1999 and December 9, 1999 call for funds. The Committee briefly discussed how payments would be received from the NYISO once the proposed NYSRC funding mechanism is accepted by FERC and implemented. Mr. Casazza requested that a 2000 cash flow for NYSRC expenditures be developed by Mr. Adamson - **AI #9-4**.

#### **d. NYSRC Final 2000 Budget**

Mr. Adamson noted that the NYSRC 2000 Budget was transmitted to the Committee on December 9, 1999, along with the document, “Review of Major NYSRC Functional Responsibilities for 2000.” Mr. Adamson distributed the NYSRC Budget Categories list to the Committee which will be the basis for the monthly Treasurer reports on NYSRC expenditures.

### **3.5 Insurance Requirements/Consultant**

Mr. Gioia reported that a quote was received from Marsh, Inc. for NYSRC insurance requirements, which was forwarded to the Committee on December 23, 1999. After brief discussion, the Committee agreed that a decision on insurance must be made at the next meeting.

The Committee shall review the Marsh, Inc. proposal, submit comments to Mr. Gioia by January 18, 2000, and be prepared to make a final decision on insurance requirements at the next meeting - **AI #9-5**.

### **3.6 NYSRC Code of Conduct**

Mr. Gioia noted that a revised draft Code of Conduct was sent to the Committee on January 10, 2000, along with a draft Confidentiality Agreement. The Committee discussed the Code of Conduct and provided comments. The Committee also discussed the issue of whether an individual who is on an NYISO committee can be a member of an NYSRC subcommittee or working group. The Committee agreed that for these documents, to define "committees" as the three main standing committees of the NYISO (Management, Operating, and Business Issues) and the NYSRC Executive Committee; and define "members" of these committees to include only those individuals designated as "Members" and not "Alternates." The Committee shall review the draft Code of Conduct and Confidentiality Agreement, provide comments to Mr. Gioia by January 18, 2000, and be prepared to finalize the documents at the next meeting - **AI #9-6**.

### **3.7 Coordination with NYISO, NPCC, NERC**

Mr. Bolbrock reported that he has agreed to have NYSRC representatives attend the NYISO Committee meetings in February to present an overview of the NYSRC organization and its committee structure; agreements between the NYSRC and NYISO; the Installed Capacity studies completed; and the reliability compliance monitoring program. In addition, Mr. Bolbrock noted that a meeting will be scheduled between the NYSRC Committee and Subcommittee Chairpersons, the NYISO Committee Chairpersons, and the NPCC regarding coordination of all activities. Mr. Bolbrock shall contact Ed Schwerdt of the NPCC to schedule the meeting, and Mr. Buechler shall contact the NYISO Committee Chairpersons - continuation of **AI #7-10**. Mr. Bolbrock also noted that Mr. Schwerdt has recommended that the NPCC be represented at all Committee meetings to observe. The Committee agreed with this recommendation and Mr. Bolbrock shall contact Mr. Schwerdt regarding an NPCC representative - **AI #9-7**.

### **3.8 NYSRC Web Site Status**

The Secretary reported that the web site consultant, Communication Works, provided a draft of the NYSRC home page on January 6, 2000. Comments were provided and the web site should be available on January 12 under the address "nysrc.org". The Secretary requested and the Committee agreed to post the following documents on the NYSRC web site: the NYSRC Initial Reliability Rules, the NYSRC Agreement, the ISO/NYSRC Agreement, the NYSRC Operating Agreement, NYSRC Reimbursement Agreement, Committee Membership Roster, Subcommittee and Working Group Membership Rosters and Work Scopes, Final Minutes from Committee Meetings 1-8, Final Minutes from the Reliability Rules Subcommittee Meetings 1-7, and NYSRC Policies Nos. 1-0, 2-0, and 3-0. The Secretary shall coordinate with the web site consultant to post the above documents - **AI #9-8**.

### **3.9 Revised NPCC Membership Agreement**

Mr. Gioia reported that no progress was made on pursuing whether Committee comments on the NPCC Membership Agreement can be incorporated into the document now or in the next revision. Mr. Gioia will pursue in parallel with the activities being completed under item 4 below. - continuation of **AI #7-11**.

### **3.10 Millennium Gas Pipeline Project Status**

Copies of the PSC comments in the FERC proceeding were distributed to the Committee, along with a copy of the Affidavit of William L. Jaeger of Con Edison. Mr. Sasson noted that the Reliability Rules Subcommittee was scheduled to discuss this issue at their next meeting. Mr. Tarler noted that PSC Counsel anticipates that the FERC will be acting on this proposed project very soon. After extensive discussion by the Committee, Mr. Loehr was assigned to establish a subgroup with Messrs. Sasson and Gioia to provide a recommended course of action for the Committee, and to draft a statement forming the basis for the NYSRC's concerns about the proposed project for possible submittal to FERC - continuation of **AI #8-9**. Mr. Adams was assigned to coordinate a presentation at the next Committee meeting by NYISO Staff on studies completed by the NYPP/NYISO on the loss of the affected transmission facilities - **AI# 9-9**. Mr. Casazza noted that studies should be completed for both the loss of electric transmission facilities and loss of the fuel supply.

### **4.0 Proposed NERC Legislation Status & NYSRC Course of Action**

The Committee discussed the December 20, 1999 letter from NERC to the Chairman of the House Commerce Committee regarding the NYSRC. The Committee agreed that it is imperative that we preserve the NYSRC's existence and its authority to develop additional and/or more stringent reliability rules. The Committee also agreed that further discussion take place on this issue, along with the education of the House Commerce Committee on the NYSRC. Mr. Gioia was assigned to work with Messrs. Loehr and Bolbrock to prepare a letter for the NPCC Executive Committee meeting on February 2, 2000, suggesting that the NPCC and NYSRC work jointly to resolve the issue - **AI# 9-10**. Mr. Bolbrock shall contact Mr. Landgraf of LLG&M to coordinate efforts on the legislation and to schedule a meeting with the House Subcommittee to discuss the NYSRC's concerns with the proposed legislation - continuation of **AI #7-13**.

### **5.0 NYS Assembly Statewide Reliability Study**

Mr. Bolbrock noted that work scopes for the completion of a statewide reliability studies were due to be issued on January 11, 2000. He also noted that both NYPA and LIPA are requesting approval from their respective Boards to provide funding for the studies. Mr. Bolbrock

recommended that the NYSRC be represented by someone else on the steering committee, since he will be representing LIPA. The Committee discussed the possibility of Mr. Loehr conducting a tutorial session on reliability for the steering committee.

## **6.0 Reliability Rules Subcommittee**

### **6.1 Subcommittee Status Report**

During the Open Session, a status report was provided on the following activities of the Reliability Rules Subcommittee (“RRS”) which met last on January 6, 2000:

- i. NYSRC Policy No. 1-0: Procedure for Revising NYSRC Reliability Rules** - During the Open Session, the Secretary noted that the Policy No. 1-0, “NYSRC Procedure for Reviewing, Developing, Modifying, and Disseminating NYSRC Reliability Rules,” which was approved by the Committee at the last meeting will be posted on the NYSRC web site by January 14, 2000.
- ii. NERC/NPCC Compliance** - Mr. Sasson reported during the Open Session that the RRS is looking at the amount of work required to make the NYSRC Initial Reliability Rules compliant with NERC and NPCC. The RRS is preparing a proposal and recommendation to the Committee to complete the work, along with a schedule - continuation of **AI #8-13**.
- iii. NYSRC Policy No. 2-0: Openness Policy** - During the Open Session, the Secretary noted that the Committee unanimously approved the NYSRC Policy No. 2-0: “Openness Policy,” by email. The policy, which addresses the handling of all NYSRC activities, including what documents can be published, will be posted on the NYSRC web site by January 14, 2000.
- iv. Recommendation on Installed Capacity Report** - During the Open Session, Mr. Sasson reported that the RRS submitted the draft report, “New York Control Area Installed Capacity Requirements for the Period May 2000 through April 2001” to the Committee on January 10, 2000. The report summarizes the results of the studies completed, which indicate that the statewide installed reserve margin (“IRM”) for the period is 15.5% under base case conditions. The study tested several scenarios examining the sensitivity of the base case results to variations in key study assumptions and showed that the IRM could vary from 11.8% to 17.0% as a function of these variations. Mr. Sasson noted the sensitivities that were examined in the study. He also noted that a straw poll of the RRS and Installed Capacity Working Group (“ICWG”) members indicated support for an IRM of between 15.5% and 18.5%. Mr. Sasson also noted that it is also recommended that the NYSRC review the statewide IRM requirement on a periodic basis. See Item 6.4 below.

### **6.2 Reliability Rules - Status**

Mr. Sasson reported during the Open Session that the RRS is proceeding with its review of the NYSRC Initial Reliability Rules and is in the process of compiling a list of potential revisions to

these rules.

### **6.3 RRS Discussion Issues**

See item 6.2 above.

### **6.4 Installed Capacity Working Group**

- i. Status Report & Discussion Issues** - During the Closed Session, the Committee discussed the ICWG's draft report, "New York Control Area Installed Capacity Requirements for the Period May 2000 through April 2001," dated January 7, 2000. Mr. Sasson also summarized his January 10, 2000 letter to the Secretary transmitting the draft report. He noted that the RRS felt that it should not provide a recommendation on a statewide IRM to the Committee. He did indicate the results of a straw vote of the RRS and ICWG members noting a statewide IRM range from 15.5% to 18.5%, with the majority of votes for 18%. The Committee discussed the draft report in detail and agreed that the Committee members were not all in a position to finalize the statewide IRM at this meeting, since many had not received and/or had sufficient time to review the draft report. Mr. Sasson was asked to prepare an RRS resolution to the Committee addressing the statewide IRM, noting that the NYSRC should complete a periodic review of the statewide IRM - **AI# 9-11**. Mr. Raymond also recommended that the resolution also include an estimate of the statewide IRM assuming that the NYISO agrees to an unforced outage reserve requirement. Mr. Buechler noted that the NYISO Management Committee agreed that an unforced outage reserve requirement would not be in place for the Summer 2000. He also noted that the NYISO's compliance filing at FERC would not include changing the procurement period from six months to monthly, a statewide IRM or local IRM requirements.

During the Open Session, Mr. Cordeiro reported that the ICWG and RRS transmitted the draft report, "New York Control Area Installed Capacity Requirements for the Period May 2000 through April 2001," to the Committee. Mr. Cordeiro noted that the ICWG's work is complete and the Committee has all the information needed to make a final determination on the statewide IRM for the capability period. Mr. Bolbrock noted that the Committee is not prepared to make the final determination on the statewide IRM at this meeting. The Committee later agreed to reschedule the next meeting to January 31, 2000, with the main focus being on finalizing the statewide IRM.

- ii. Installed Capacity Report/Recommendation** - (see Items 6.1 iv. and 6.4 i. Above)

## **7.0 Reliability Compliance Monitoring Subcommittee**

### **7.1 Subcommittee Status Report**

During the Closed Session, Mr. Casazza noted that the Reliability Compliance Monitoring

Subcommittee (“RCMS”) met twice and has issued a letter to the NYISO recommending that the NYISO should continue submitting the monthly operating reliability report, as was done by the NYPP, and a letter to the NYISO Transmission Planning Advisory Subcommittee (“TPAS”) requesting that a number of items be investigated in their study of the Summer 1999 reactive conditions. No responses have been received to date. A December 28, 1999 letter was sent to the Committee recommending new reliability rules covering the reliability considerations in the sale, major modification, or retirement of generating capacity.

Mr. Casazza reported during the Open Session that the RCMS met on December 7, 1999 and January 10, 2000. Mr. Casazza noted that the RCMS will strive to make maximum use of all studies and work that have been completed by all entities, and will focus on procedures already established by NPCC and NERC to monitor reliability compliance. Two task forces have been established under the RCMS to address these areas. Mr. Adamson distributed and summarized a document covering the types of NYSRC rule assessments, the NYSRC compliance monitoring review process, and the suggested 2000 compliance program assessments, with the RCMS completing an oversight review for many of these assessments. Representatives of the RCMS will attend the NPCC 2000 Reliability Compliance workshop in February. The RCMS is also developing a work scope and proposal for staffing. Mr. Casazza also noted that the RCMS will review all incidents occurring in the New York Control Area, and will review the Interim Reliability Rules and provide input to the RRS from time to time on any rules that are ambiguous and/or not adequate.

## **8.0 System Adequacy Studies**

### **8.1 Status Report on NYPP Studies**

Mr. Adams noted during the Open Session that the NYISO’s comprehensive area transmission adequacy study, which has a target date of March 2000 for the completion of a draft report, is about 70% completed. Mr. Adams also noted that the NYISO TPAS is meeting on January 12 to discuss the scope of the reactive resource adequacy study - continuation of **AI #6-14**. TPAS is also submitting their report on the Athens/Bethlehem Project Study to the NYISO Operating Committee.

The Committee discussed the need for the NYSRC to work with the PSC and NYISO to determine the roles of the NYSRC and NYISO in the PSC’s Article VII and Article X permitting processes. Mr. Tarler noted that the PSC would welcome input from the NYSRC on reliability issues and what would constitute an adequate study being done for a proposed project to ensure reliability concerns are thoroughly addressed.

## **9.0 Other Items**

### **9.1 FERC Notification of NYSRC Membership**



Mr. Gioia noted that a FERC filing was submitted on December 14, 1999 to notify the FERC of the changes in NYSRC Executive Committee membership since the initial filing. A copy of the filing was provided to the Secretary for inclusion in the NYSRC files.

## 9.2 NOx Emission Constraints on NYC Generating Units

Mr. Sasson summarized a concern raised by the NYISO and Con Edison regarding environmental constraints on NOx emissions from generating units in New York City, some of which have been sold to three other entities. The NYS Department of Environmental Conservation imposed the emissions constraints on all of the units bundled together. With the sale of the units, resulting in four separate owners, the owners are now required to meet the constraints separately for only the units they own. This could potentially result in the shutting down of generating units in order to comply with the NOx emission constraints, potentially impacting reliability. Messrs. Sasson and Buechler shall draft a recommendation on what action the NYSRC should take in this matter, for discussion at the next Committee meeting - **AI# 9-12**.

## 10.0 Meeting Schedule

The Committee rescheduled Meeting No. 10 from February 10 to January 31, 2000, and chose a date for the April meeting. The following are the scheduled dates and locations for the future Committee meetings:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#10	Jan. 31	NYISO Power Control Center, Guilderland	9:30AM
#11	Mar. 16	NYISO Power Control Center, Guilderland	9:30AM
#12	Apr. 13	NPCC Offices, New York City	10:00 AM

The Secretary will contact the NYPP and NPCC to make arrangements and will prepare and issue the agendas for the meetings - **AI #9-13**.

The Committee Meeting No. 9 was adjourned at 3:55 PM.

Completed By: Joseph C. Fleury - Secretary  
Final Issue Date: January 31, 2000