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November 28, 2005

BY HAND DELIVERY

Honorable Jaclyn A. Brillling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

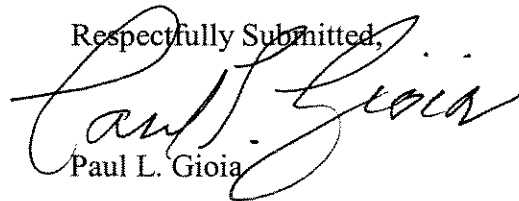
Re: Case 05-E-1180 – In the Matter of Electric Reliability Rules
SAPA I.D. No. PSC-41-05-00030-P

Dear Secretary Brillling:

On behalf of the New York State Reliability Council ("NYSRC"), enclosed please find an original and five (5) copies of the NYSRC's Comments in the above-referenced matter.

If you have any questions regarding this filing, please contact me.

Respectfully Submitted,



Paul L. Gioia

Enclosure

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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In the Matter of Electric Reliability Rules)

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Case No. 05-E-1180

COMMENTS OF THE NEW YORK STATE RELIABILITY COUNCIL

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Counsel to the New York State
Reliability Council

Dated: November 28, 2005

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

In the Matter of Electric Reliability Rules

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Case No. 05-E-1180

COMMENTS OF THE NEW YORK STATE RELIABILITY COUNCIL

New York State Reliability Council, LLC (“NYSRC”), through its undersigned counsel, respectfully submits these Comments on I.D. No. PSC-41-05-00030-P. The proposed rulemaking was published in the October 12, 2005 New York State Register (“SAPA Notice”). The SAPA Notice states that the New York State Public Service Commission (“Commission”) is considering whether to adopt “in whole or in part the current reliability rules of [NYSRC] and the criteria of the Northeast Power Coordinating Council (NPCC).” NYSRC respectfully requests that the Commission consider these comments in making its determination in this proceeding.

I. BACKGROUND

Federal Energy Policy Act of 2005

The Federal Energy Policy Act of 2005 (“Energy Act”) adds a section 215 to the Federal Power Act. The new section 215 establishes a process for the promulgation of mandatory reliability standards for the Nation’s bulk power system. The standards are to be developed by the Electricity Reliability Organization (“ERO”) subject to approval by the Federal Energy Regulatory Commission (“FERC”). The ERO is authorized to delegate to regional entities the authority to propose and enforce reliability standards. It generally is assumed that the North American Electric Reliability Council (“NERC”) will be certified by FERC as the ERO and that most of the NERC regional councils, including the NPCC, will be certified as regional entities. The specific responsibilities of the ERO and the regional entities are the subject of a pending FERC Notice of

Proposed Rulemaking.¹

During the pendency of the Energy Act a number of parties, including representatives of New York State, expressed the view that the reliability standards to be developed by the ERO and approved by FERC should be a “floor” rather than a “ceiling” and should not inhibit the implementation of more stringent reliability standards within a region or state. This is of particular concern for New York State, which has a long history of reliability standards that are more specific and stringent than NERC and NPCC standards. In response to these concerns, the Savings Provisions set forth in the Energy Act provided as follows:

Nothing in this section shall be construed to pre-empt any authority of any State to take action to ensure the safety, adequacy and reliability of electric service within that State, as long as such action is not inconsistent with any reliability standard, except that the State of New York may establish rules that result in greater reliability within that State, as long as such action does not result in lesser reliability outside the State than that provided by the reliability standards.²

The Commission is considering in this proposed rule making whether, under the general grant of authority to the states and the particular authority granted to the State of New York under the Energy Act, it should adopt, in whole or in part, the NYSRC reliability rules and the NPCC reliability criteria.

The NYSRC and Enforceable Reliability Standards

The NYSRC was approved by FERC in 1998 as part of the comprehensive restructuring of the competitive wholesale electricity market in New York State.³ Under the restructuring, the New York Power Pool (“NYPP”) was replaced by the NYISO as the entity with the primary

¹ Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards, Notice of Proposed Rulemaking, IV FERC Stats. & Regs., Proposed Regs. ¶ 32,587 (2005).

² Federal Power Act, § 215(i)(3).

³ Central Hudson Gas & Electric Corp., et al., 83 FERC ¶ 61,352 (1998).

responsibility for the reliable operation of the State's bulk power system. The NYISO also assumed responsibility for administration of the newly established competitive wholesale electricity markets.

The NYSRC was established to promote and preserve the reliability of the New York State power system by developing, maintaining and, from time to time, updating the reliability rules ("Reliability Rules") that govern the NYISO's operation of the State's bulk power system. The NYSRC develops Reliability Rules in accordance with standards, criteria and regulations of NERC, NPCC, FERC, the Commission and the Nuclear Regulatory Commission.⁴ The NYISO/NYSRC Agreement, which was approved by FERC, provides that the NYISO and all entities engaged in transactions on the New York State power system must comply with the Reliability Rules adopted by the NYSRC.⁵ Compliance with NYSRC Reliability Rules, which are incorporated into the NYISO's procedures, are made binding on market participants through the NYISO's tariff.⁶ The NYISO/NYSRC Agreement also assigns to the NYSRC the responsibility to monitor the NYISO's compliance with the Reliability Rules and requires the NYISO to provide the NYSRC the data necessary for it to effectively perform its compliance monitoring responsibility.⁷ Each member of the NYSRC Executive Committee is required to have substantive knowledge and/or expertise in the reliable operation of bulk power electric systems.⁸

At its inception, the NYSRC adopted the pre-existing NYPP reliability rules. These planning and operating rules had been developed by the NYPP and the Commission based on decades of experience in the operation of the New York bulk power system. Revisions to the

⁴ NYISO/NYSRC Agreement, Section 4.1.

⁵ NYISO/NYSRC Agreement, Section 2.1, 3.1.

⁶ NYISO Services Tariff, Sections 5.1, 5.6.

⁷ NYISO/NYSRC Agreement, Section 3.6.

⁸ NYSRC Agreement, Section 4.03.

Reliability Rules are developed by the NYSRC in an open process with direct participation by the NYISO and the Commission. If the NYSRC and the NYISO should disagree with respect to a new or modified Reliability Rule, and cannot resolve their differences, the matter is referred to the Commission for resolution, unless the dispute affects not only reliability but also matters subject to FERC's jurisdiction that must be resolved directly by FERC.⁹

In addition to incorporating NERC and NPCC reliability criteria, the NYSRC Reliability Rules include standards that are more specific or more stringent than NERC and NPCC criteria that are necessary to meet the special requirements of the New York Control Area ("NYCA"). These special requirements include the specific electric system characteristics and demographics of New York State, the complexities related to the maintenance of reliable transmission in New York State given the configuration of the State's bulk power system, and the severe consequences that result from power interruptions in New York City and Long Island.

As noted, the NYSRC was formed as an integral part of the restructuring of the electricity industry in New York State. It was formed, with the active support of the Commission, precisely to ensure that the more stringent and mandatory reliability standards in New York State would be retained under the new competitive wholesale market structure. Since the NYSRC Reliability Rules incorporate NERC and NPCC reliability criteria, the NYISO and its market participants also are obligated to comply with NERC and NPCC standards.

II. NYSRC COMMENTS ON THE PSC'S PROPOSED RULE MAKING

The NYSRC supports the Commission's commitment to maintaining the more stringent reliability standards that are needed to address the particular needs of the New York bulk power system. Over the years, the Commission has been a leading proponent of the development of

⁹ NYISO/NYSRC Agreement, Article 5.

more stringent reliability standards for the NYCA. Through its support for the formation of the NYSRC, the Commission anticipated the need for an independent entity to ensure that the more stringent reliability standards in New York were maintained in the newly established competitive wholesale electricity market, and that compliance with those standards by the NYISO and all market participants would be mandatory. New York State has led the Nation in recognizing that mandatory reliability standards are a necessary foundation for competitive electricity markets, and that reliability standards must address the specific reliability needs of a region or state.

The NYSRC recognizes the benefit provided to New York State by the provisions in the Energy Act that grant it authority to take action when necessary to protect reliability in New York State, including action that results in a greater level of reliability than provided by the reliability standards developed by the ERO. In considering the action it will take in response to the Energy Act, however, the NYSRC requests that the Commission consider the NYSRC's continuing authority to promulgate Reliability Rules for the NYCA, and that the Commission's action be consistent with and complementary to the NYSRC's responsibilities.

The NYSRC's Continuing Authority to Promulgate Reliability Rules

The NYSRC Agreement and the NYISO/NYSRC Agreement, as approved by FERC, obligate the NYISO to comply with all NYSRC Reliability Rules. The NYISO's obligations under these agreements are included in the NYISO's tariffs. The NYSRC does not believe that the reliability provisions in the Energy Act in any way affect the NYISO's obligations under those agreements.

It is important to note that the Energy Act expressly contemplates circumstances under which a transmission provider, such as the NYISO, would be subject to requirements based on FERC approved agreements and tariffs, in addition to those imposed by the Energy Act. The newly enacted section 215(d)(6) provides that the final rule adopted by FERC to implement the

Energy Act “include fair processes for the identification and timely resolution of any conflict between a reliability standard and any function, rule, order, tariff, rate schedule or agreement accepted, approved, or ordered by the Commission applicable to a transmission organization.” Since the NYSRC Reliability Rules must conform to reliability standards approved by FERC¹⁰, it is unlikely that a Reliability Rule could reasonably be considered to be in “conflict” with an ERO standard. However, if such a contention were to be made, section 215(d)(6) provides that the transmission organization “shall continue to comply with such function, rule, order, tariff, rate schedule or agreement accepted, approved or ordered by the [FERC] until:

- (A) the [FERC] finds a conflict exists between a reliability standard and any such provision;
- (B) the [FERC] orders a change to such provision pursuant to section 206 of this part; and
- (C) the ordered change becomes effective under this part.”

If a party were to challenge an NYSRC Reliability Rule as being in conflict with an ERO standard, therefore, the NYISO would be obligated to continue to comply with the Reliability Rule until and unless FERC finds that a conflict exists; that the Reliability Rule should be changed under the standard applicable to section 206; and the ordered change becomes effective. Thus, if a Reliability Rule were challenged, a FERC proceeding would be required before a change in the Reliability Rule could be ordered by FERC.

It should be noted that a decision by FERC to change a Reliability Rule would have to meet the standard applicable to proceedings under section 206 of the Federal Power Act. In order to make any change in an existing rate or practice under section 206, FERC must first prove that the existing rates or practices are “unjust, unreasonable, unduly discriminatory or preferential.”

¹⁰ NYSRC Agreement, section 3.01; NYISO/NYSRC Agreement, section 4.1.

Then FERC must show that its proposed changes are just and reasonable.¹¹

It also should be noted that the NYISO/NYSRC Agreement contains what is commonly known as a “Mobil-Sierra” provision, which reads as follows:

12.6 No Modification. This Agreement is not subject to change under Sections 205 and 206 of the FPA, as either section may be amended or superseded, absent the mutual written agreement of the Parties. It is the intent of this Section 12.6 that, to the maximum extent permitted by law, the terms and conditions of this Agreement shall not be subject to change, regardless of whether such change is sought (a) by the [FERC] acting *sua sponte* on behalf of a Party or third party, (b) by a Party, (c) by a third party, or (d) in any other manner.

This provision would prevent FERC from revising the NYISO/NYSRC Agreement absent a finding that the public interest requires that the intent of the contracting parties be overridden.

Consequently, the newly enacted legislation will not affect the NYSRC’s authority under FERC approved agreements and tariffs to promulgate Reliability Rules that are binding on the NYISO and its market participants. And, if a Reliability Rule were to be challenged as being in conflict with an ERO standard, the NYISO would be obligated to continue to comply with the Reliability Rule pending a FERC proceeding to determine whether a conflict, in fact, exists and, if so, whether a revision to the Reliability Rule is warranted. Furthermore, a FERC decision to change a Reliability Rule would be held to a high standard under the provisions of section 206 of the Federal Power Act and the NYISO/NYSRC Agreement.

Potential Problems Related to a Commission Policy to Adopt the NYSRC Reliability Rules

The NYSRC is concerned that a Commission decision to adopt the NYSRC’s Reliability Rules could result in an unnecessary duplication of effort and unnecessary confusion.

The NYRC has an extensive process for the consideration and adoption of new or modified

¹¹ PPL Wallingford Energy LLC and PPL Energy Plus, LLE v. Federal Energy Regulatory Commission, United States Court of Appeals for the District of Columbia, August 9, 2005.

Reliability Rules. A copy of NYSRC Policy No. 1-4, which describes the procedure for reviewing, developing, modifying and disseminating NYSRC Reliability Rules, is attached to these comments as an appendix. The NYSRC rule-making process is open to the NYISO and all interested parties.¹² Any party may request a new or modified Reliability Rule. Such requests have come from the NYISO, the Commission, market participants and members of the NYSRC Executive Committee. Requests are posted on the NYSRC's web site and considered by the NYSRC's Reliability Rules Subcommittee ("RRS").

If the RRS determines that the proposed new or modified Reliability Rule is not needed, it will so inform the Executive Committee and provide the reasons for its decision. If the Executive Committee concurs, the RRS will prepare a response to the party who made the proposal. If the RRS determines that a new or modified Reliability Rule is warranted, it will so advise the NYSRC Executive Committee and seek authorization to begin drafting the new or modified Reliability Rule. A proposed new or modified Reliability Rule will be posted for comment on the NYSRC web site for forty-five days. The RRS reviews all comments and revises the draft as needed. The final draft of the proposed new or modified Reliability Rule is presented to the Executive Committee for review and approval. Since its inception, the NYSRC has adopted 11 new Reliability Rules, 18 modified Reliability Rules, 55 new Measurements (*i.e.*, compliance requirements for Reliability Rules), and 18 modified Measurements.

The NYSRC's Reliability Rules, therefore, are not static, but are the subject of constant review and revision. The NYSRC is concerned that adding a separate and additional Commission process for the adoption of NYSRC Reliability Rules, subject to the Commission's statutory and procedural requirements, would result in an unnecessary duplication of effort. In addition, it

¹² The NYISO's Policy No. 2-4, NYSRC Openness Policy, provides for the dissemination of information related to NYSRC proceedings and provides all interested parties with the opportunity to participate in those proceedings.

could create confusion as to the relative responsibilities of the NYSRC and the Commission with respect to the adoption of Reliability Rules, which are now clearly defined. A separate Commission process to adopt Reliability Rules also may cause confusion with respect to the authority of the NYSRC to adopt Reliability Rules that must be complied with by the NYISO and all of its market participants, and the status of Reliability Rules prior to Commission adoption, and of Reliability Rules that have been modified by the NYSRC subsequent to their adoption by the Commission.

III. NYSRC RECOMMENDATIONS

In view of the foregoing, the NYSRC respectfully recommends that the Commission make the following findings in this proceeding:

1. The Commission has the authority and responsibility under the Energy Act to take actions when necessary to ensure that reliability standards are in place in New York State that are sufficient to maintain an adequate level of reliability, including reliability standards that are more specific or more stringent than those proposed by the ERO and adopted by FERC, when necessary to meet the particular reliability needs of the New York bulk power system.
2. The Commission supported the formation of the NYSRC as part of the comprehensive plan to restructure the electricity industry in New York State.
3. Under FERC approved agreements and tariffs, the NYSRC has the authority to promulgate reliability standards, including Reliability Rules that are more specific or more stringent than national and regional standards, that must be complied with by the NYISO and all participants in the NYISO's electricity markets. Commission staff actively participates in the NYSRC's rule-making process, and the Commission is authorized to arbitrate disagreements between the NYISO and

NYSRC concerning Reliability Rules.

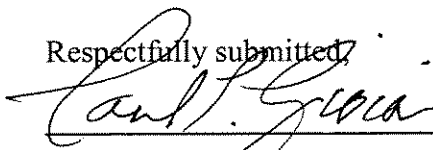
4. The NYSRC has advised the Commission that its authority under FERC approved agreements and tariffs to promulgate Reliability Rules for the New York Control Area will continue under the Energy Act.
5. The Commission continues to support the NYSRC in the exercise of its responsibilities to promulgate Reliability Rules needed to safeguard reliability in the New York Control Area and to ensure the NYISO's compliance with the Reliability Rules.
6. The Commission will monitor the NYSRC's ability to continue to effectively exercise its responsibilities, and expressly reserves the right to take further action should it appear necessary to protect the reliability of the New York bulk power system, including the adoption of NYSRC Reliability Rules and NPCC criteria.

IV. CONCLUSION

For the foregoing reasons, NYSRC respectfully requests that the Commission take action in this proceeding consistent with these comments.

Dated: November 28, 2005

Respectfully submitted,



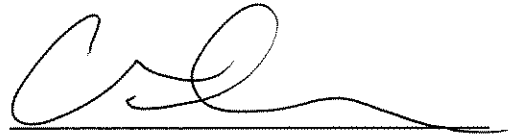
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Counsel to the New York State
Reliability Council

CERTIFICATE OF SERVICE

Pursuant to the New York State Public Service Commission's Rules of Procedure, I hereby certify that I caused an original and five (5) copies of the New York State Reliability Council's Comments to be served, by hand delivery, upon the Honorable Jaclyn A. Brillling, Secretary to the New York State Public Service Commission, in Case 05-E-1180.

Dated this 28th day of November, 2005.

A handwritten signature in black ink, appearing to read 'CS', written over a horizontal line.

Carrie Szydłowski

APPENDIX

**NEW YORK STATE RELIABILITY COUNCIL (“NYSRC”)
POLICY NO. 1-4
PROCEDURE FOR REVIEWING,
DEVELOPING, MODIFYING, AND DISSEMINATING
NYSRC RELIABILITY RULES**

Introduction

This document explains the procedure the NYSRC has established for reviewing, developing, modifying, approving, and disseminating the NYSRC Reliability Rules, associated compliance elements, and implementation plans (the “Procedure”). The NYSRC Reliability Rules (“Reliability Rules”) and associated compliance elements define certain obligations or requirements of entities that operate, plan, and use the NYS Bulk Power System. It is the intent of the NYSRC that participation in this process be open to the New York Independent System Operator (“NYISO”) and all market participants, as well as the NYSRC itself.

The Reliability Rules, in accordance with the NYSRC and NYISO/NYSRC Agreements, incorporate the following:

- a. **North American Electric Reliability Council (“NERC”) Planning Standards and Operating Policies.**

- b. **Northeast Power Coordinating Council (“NPCC”) Criteria, Guidelines and Procedures.**

NPCC criteria may be more specific or stringent than NERC Standards and Policies, recognizing regional characteristics or reliability needs.

c. New York-Specific Reliability Rules.

New York-Specific Reliability Rules may be more specific or stringent than NERC and NPCC Standards, recognizing NYCA system characteristics or reliability needs.

d. Local Reliability Rules.

Local reliability rules may be more stringent than the general New York-Specific Reliability Rules and apply to certain NYCA zones, recognizing unique local area characteristics or reliability needs.

e. Exceptions to the Reliability Rules.

Requests to obtain exceptions to the Reliability Rules must be submitted to and approved by the NYSRC Executive Committee. The NYISO or any member of the NYSRC Executive Committee may submit a request for an exception to the NYSRC Executive Committee in accordance with this policy.

The NYSRC Reliability Rules manual incorporates those Reliability Rules covered in sections c, d and e above. Reliability Rules in sections a and b above are incorporated by reference.

In addition to Reliability Rules, the Procedure covers associated compliance elements which are used to assess whether the technical and performance requirements of the Reliability Rules are fully met. Compliance elements include: (1) measurements, which are general actions that must be achieved for compliance with the Reliability Rules, (2) statements defining data or other information that must be provided to the NYSRC by the NYISO to show full compliance with the Reliability Rules and measurements, and (3) levels of non-compliance with the Reliability Rules and measurements.

The NYSRC Compliance Template Manual incorporates these three types of compliance elements.

Reliability Rules and measurements are included in "NYSRC Reliability Rules for Planning and Operating the New York Power System". Full compliance and levels of non-compliance statements are included in "Compliance Templates for the NYSRC Reliability Rules". Both manuals may be down-loaded from the NYSRC web site, <http://www.nysrc.org>.

The Procedure also covers plans for implementing new or modified Reliability Rules. Implementation plans address when the requirements of new or modified Reliability Rules will become effective and when compliance documentation must be initially submitted to the NYSRC.

Under the Procedure, modifications, deletions, and new Reliability Rules will be considered by the NYSRC on an ad hoc or scheduled basis. A flowchart showing the key steps of the Procedure is attached ("**Policy 1flw.pdf**"). The Procedure also recognizes that under certain conditions the NYSRC Executive Committee may adopt a new or modified Reliability Rule on an expedited basis, and that the NYISO may adopt a temporary exception to a Reliability Rule under exigent circumstances.

A. Procedural Steps for the Adoption of New or Modified Reliability Rules

Step 1 - Request to Develop or Modify Reliability Rules*

In addition to changes initiated by the NYSRC, requests to develop or modify

* The term "Reliability Rules" in Steps 1-8 refers to Reliability Rules, associated compliance elements, and implementation plans.

Reliability Rules, including Local Reliability Rules, must be submitted to the NYSRC Executive Committee Secretary ("Secretary") by any party, via e-mail to "raymond40@aol.com", on the "Request to Develop or Modify Reliability Rules (NYSRC Policy No.1)" form provided on the NYSRC web site ("www.nysrc.org"), on the "Policies" page under "Reliability Rule Change Request.doc". Upon receipt, the Secretary will transmit the request concurrently to the NYSRC Reliability Rules Subcommittee ("RRS") for action and to the NYSRC Executive Committee for information, and will post the request on the NYSRC web site. The NYISO Technical Information Exchange ("TIE") e-mail list will be used to announce this web site posting.

Step 2 - RRS Reviews Request to Develop or Modify Reliability Rule

RRS will review the request for the new or modified Reliability Rule. If RRS agrees that a new or modified Reliability is needed, it will notify the NYSRC Executive Committee of its decision and will seek the NYSRC Executive Committee's approval prior to preparing a draft of the new or modified Reliability Rule to be posted for comment.

If RRS determines that the proposed new or modified Reliability Rule is not needed, it will notify the NYSRC Executive Committee of its decision, along with its reasons for recommending that the request should be denied, and will seek the NYSRC Executive Committee's approval of that decision. If the NYSRC Executive Committee approves the RRS recommendation to reject a proposed new or modified Reliability Rule, it will prepare a response to the party that submitted the proposal. If the NYSRC Executive Committee denies the RRS recommendation, it will instruct RRS to take further action, which may include drafting the proposed new or modified Reliability Rule.

The RRS will also review all new or revised NERC and NPCC Standards and draft revisions of the Reliability Rules as necessary to comply with these standards. The RRS schedule for incorporating changes in NERC Standards will be coordinated with changes in NPCC Standards to comply with NERC Standards. RRS will seek the NYSRC Executive Committee's approval to make such Rule changes.

Step 3 – Draft Rule Posted for Comment

The Secretary will post for comment a draft of the new or modified Reliability Rule approved by the NYSRC Executive Committee on the NYSRC web site ("www.nysrc.org") and will provide forty-five (45) calendar days for comment. All comments must be supplied via e-mail to the Secretary at "raymond40@aol.com". The Secretary will post all comments from third parties on the NYSRC web site. The NYISO TIE e-mail list will be used to announce these web site postings.

Step 4 - RRS Reviews Comments

RRS will review all e-mail comments received, prepare a summary of comments received, revise the draft Reliability Rule as needed, and submit to the NYSRC Executive Committee.

Step 5 – NYSRC Executive Committee Reviews and Votes on Final Draft Rule

The NYSRC Executive Committee will review the RRS final draft of a new or modified Reliability Rule, including any RRS minority opinions. The NYSRC Executive Committee will then either accept the Reliability Rule as drafted by RRS, modify the Reliability Rule as drafted, or return the draft Reliability Rule to RRS for further work and revision.

If the NYSRC Executive Committee decides to revise the draft Reliability Rule, the NYSRC Executive Committee may elect to re-post the draft Rule change for comment and repeat Steps 3-5.

Step 6 – Dissemination of Rules

The Secretary will disseminate new and revised Reliability Rules after approval by the NYSRC Executive Committee as follows:

1. Inclusion in the NYSRC Reliability Rules and Compliance Template Manuals
2. Posting on the NYSRC web site
3. Transmittal to the NYISO, ISO-New England, NPCC, FERC, and PSC
4. Inclusion in the NYSRC Executive Committee meeting minutes

The NYISO has the responsibility to notify its Market Participants of new or revised Reliability Rules. The NYISO TIE e-mail list will be used to announce the above web site posting.

Step 7 - Rule Implementation

The NYISO and its Market Participants shall comply with the Reliability Rule in accordance with NYSRC and NPCC reliability compliance program procedures.

Step 8 - Dispute Resolution

If the NYISO determines that the new or revised Reliability Rule is unnecessary or should be modified, NYSRC Executive Committee and NYISO representatives shall discuss the NYISO's concerns and attempt to resolve the matter in accordance with NYISO/NYSRC Agreement Section 8.01. If the NYSRC

Executive Committee agrees to consider revising the Reliability Rule after its discussion with the NYISO, the NYSRC Reliability Rule development process will be repeated. If the parties cannot agree, the dispute resolution process will be initiated.

B. Development or Modification of Reliability Rules on an Expedited Basis

The NYSRC Executive Committee may adopt a new or modified Reliability Rule, including exceptions, on an expedited basis if it determines that delay of the implementation of the Reliability Rule, could have an adverse impact on the reliability of the NYS Bulk Power System.

A party requesting an expedited Reliability Rule development or modification must follow the request procedure in accordance with Step 1 above. The request form must include a statement justifying an expedited action. Upon receipt, the Secretary will transmit the request concurrently to RRS and the NYSRC Executive Committee for their consideration, as in Step 2. Following an expedited review, RRS will submit the requested new or modified Reliability Rule to the NYSRC Executive Committee for its consideration. If the NYSRC Executive Committee approves the proposed new or modified Reliability Rule for expedited posting, the draft will be posted on the NYSRC web site for a 15-day comment period. Steps 4-8 in the open process will be executed following the expedited posting period.

Any Reliability Rule approved by the NYSRC Executive Committee on an expedited basis shall have a termination date specified not to exceed one year from the approval date. Should there be a need to make the Reliability Rule

permanent, then the Reliability Rule would be required to go through the full open review process in Steps 1-8 above.

C. Implementation of a Temporary Exception to a Reliability Rule by the NYISO under Exigent Circumstances

The NYISO may implement a temporary exception to a Reliability Rule, prior to approval of the NYSRC Executive Committee, if the President of the NYISO, or his designee, determines that (1) implementation of the temporary exception to a Reliability Rule is necessary to protect the reliability of the NYS Bulk Power System, and (2) exigent circumstances exist that require implementation of the temporary exception prior to approval by the NYSRC Executive Committee.

As soon as reasonably possible following the implementation of a temporary exception to a Reliability Rule under exigent circumstances, the President of the NYISO or his designee will submit to the NYSRC Executive Committee a full written description of the temporary exception implemented by the NYISO along with a certification of his determination that implementation was necessary to protect the reliability of the NYS Bulk Power System and a description of the exigent circumstances that warranted implementation prior to approval by the NYSRC Executive Committee. The NYSRC Executive Committee will undertake a review of the NYISO's action and will determine whether the temporary exception implemented by the NYISO should be adopted as a permanent exception or discontinued. In making its determination, the NYSRC Executive Committee will follow the procedures set forth in this policy statement.

The temporary exception implemented by the NYISO will remain in effect until the NYSRC Executive Committee makes a determination as to whether the temporary exception should be made permanent or discontinued.

Approved by the NYSRC Executive Committee – November 10, 2005

NYSRC Policy No. 1-4

Issued By: P. Donald Raymond, Secretary

Date Issued: November 10, 2005