

**NEW YORK STATE
RELIABILITY
COUNCIL**

*2006 Reliability
Compliance Program*

*Prepared by the
Reliability Compliance
Monitoring Subcommittee*

*Final Report
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NYSRC 2006 RELIABILITY COMPLIANCE PROGRAM

Introduction

The New York State Reliability Council (NYSRC) Reliability Compliance Program is designed to measure and ensure compliance with NYSRC New York-Specific Reliability Rules in order to provide for a reliable bulk electric supply and delivery system in New York State. The NYSRC Reliability Compliance Monitoring Subcommittee (RCMS) manages the compliance program, which includes conducting reviews to ensure that the NYISO is in compliance with all NYSRC Reliability Rules, even those identified in the Rules as requiring actions by Market Participants. The NYISO has the responsibility of ensuring Market Participant compliance through its procedures and Market Services Tariff. The objective of the compliance program is to encourage compliance to the NYSRC Reliability Rules necessary to preserve the reliability of the New York Control Area. This report presents the highlights of results of the 2006 NYSRC Reliability Compliance Program.

Compliance with the NYSRC New York-Reliability Rules is reviewed and evaluated in accordance with NYSRC Policy 4, *Procedure for Monitoring Compliance with the NYSRC Reliability Rules*. Another major reference document for the compliance monitoring process is the NYSRC Compliance Template Manual. This manual is updated when new and modified Reliability Rules and Measurements are adopted by the NYSRC Executive Committee. The Compliance Template Manual includes a compliance template for each Measurement. These templates cover reporting and compliance monitoring responsibilities, reporting frequencies, and statements of requirements for full compliance and levels of non-compliance. The Compliance Template Manual also describes the types of non-compliance notification letters that must be issued for various levels of non-compliance.

Each year's Reliability Compliance Program includes compliance review of a portion of NYSRC Measurements. Factors used for selecting the group of Measurements to be reviewed each year include: (1) Measurements that require annual or monthly review, (2) Measurements that have not been reviewed in the past three years, (3) Measurements that have been adopted or modified over the previous year, and (4) Measurements that were found in non-compliance during the previous year or if other issues associated with NYISO compliance require a follow-up review.

2006 Compliance Program Measurements

As shown in Table 1, the 2006 Compliance Program included 22 NYSRC measurements having NYISO reporting responsibility, and 12 measurements having Market Participant reporting responsibility. The number of measurements included in the 2006 Program represented about 60% of the total NYSRC measurements. A summary table is attached showing an overview of the NYSRC 2006 Reliability Compliance Program, including the measurements assessed, milestone dates, and compliance results.

Table 1 – NYSRC 2006 Compliance Program Summary

	Measurements Requiring Actions by the NYISO	Measurements Requiring Actions by Market Participants	Total Measurements
Total NYSRC Measurements	45	12	57
Total Measurements in 2006 NYSRC Compliance Program	22	12	34
2006 Program Measurements: in Full Compliance	20	11	31
2006 Program Measurements: in Non-Compliance	0	0	0
2006 Program Measurements: Compliance Review Rescheduled to 2007	2	1	3

Table 1 shows that the NYISO was in full compliance with all measurements that were assessed in 2006. The table also shows that there were three measurements for which compliance review was rescheduled to 2007. The reasons for rescheduling are discussed below.

Highlights of the 2006 Compliance Program

1. Compliance Was Assessed for a Number of Measurements for the First Time

Of the 31 measurements in the 2006 Compliance Program, seven were reviewed for the first time. Five of these were new measurements adopted in 2005 and 2006; the other two were existing measurements that had never been reviewed before.

- Measurements C-M12 and C-M13, *Disturbance Recording Device Requirements*. These new measurements, adopted in August 2005, were developed in order to be consistent with new NPCC and NERC requirements. One measurement has an NYISO responsibility; the other a market participant responsibility. NPCC procedures for complying with NPCC criteria were not completed by December 2006, when NYISO compliance documentation to the NYSRC was due. Therefore, RCMS granted the NYISO a delay for providing compliance documentation until 2007, when the necessary NPCC procedures are expected to be completed.
- Measurement K-M3, *Extreme System Condition Assessment*. This new measurement was adopted in August 2005. It was developed in order to be consistent with new NPCC requirements. The required NYISO assessment was included as part of the NYISO Annual Transmission Assessment and was found to be in full compliance.
- Measurements E-M8, *Application of the Reliability Rules* and F-M6, *Voltage Reduction Testing*. These new measurements were adopted in March 2006. The NYISO was found to be in full compliance with both.
- Measurement B-M3, *Demonstration that the System is Planned Considering Ease of Restoration*. NYISO compliance with this existing measurement was reviewed for the first time in 2006. The NYISO requested clarification of the requirements of this measurement. RCMS agreed that the requirements in the measurement are ambiguous

and requested RRS to modify Measurement B-M3 to clarify its intent. Accordingly, RRS has prepared PRR #90 and expects that the Executive Committee will adopt the modified measurement by April 2007. Compliance review of B-M3 was rescheduled to late 2007.

- Measurement I-M4, *Consideration of Local Rules in Transmission Planning*. NYISO compliance with this existing measurement was reviewed for the first time in 2006. The NYISO was found in full compliance.

2. System Restoration Requirements

One of the NYSRC Executive Committee's 2003 Blackout initiatives was to enhance the requirements of NYSRC System Restoration Rules G-1 through G-4 considering recommendations from the NYISO System Restoration Working Group. NPCC and NERC Blackout recommendations and new standards were also to be recognized. Accordingly, RRS modified the existing NYSRC System Restoration Rules and four related measurements. These modified Rules and measurements were adopted in March 2006 and an RCMS compliance assessment scheduled for late 2006.

Revised NYISO restoration procedures to comply with the new NYSRC requirements were not completed in 2006 because expected revisions to NPCC emergency restoration criteria had not yet been adopted. Because of the critical importance of both NYISO and TO system restoration plans to system reliability, RCMS decided to go forward with its restoration compliance review in late 2006 without delay. Accordingly, the NYISO prepared detailed documentation showing that each of the NYSRC's new system restoration requirements was met. The NYISO was found in full compliance with all four measurements. Another compliance review was scheduled for 2007 after the NYISO restoration procedures are finalized to reflect new NPCC emergency restoration criteria, as well as NYSRC requirements.

3. NYCA Transmission and Resource Adequacy Assessments

The NYSRC Reliability Rules require that the NYISO annually provide NYCA transmission and resource adequacy assessments to demonstrate that the NYISO conform to the NYSRC Reliability Rules.

To demonstrate compliance with NYSRC transmission design criteria (Reliability Rules B-1 through B-4), the NYISO prepared the report "2005 Comprehensive Area Transmission Review of the NYS Bulk Power System (Study Year 2010)". The study concluded that the NYS Bulk Power System, as planned through the year 2010, is in conformance with NYSRC Reliability Rules. RCMS accepted this report and concluded that the NYISO was in full compliance with NYSRC transmission design and reliability assessment requirements.

To demonstrate compliance with NYSRC resource adequacy assessment requirements, the NYISO prepared the report "Annual Assessment of Resource Adequacy covering the NYCA for 2006-2009". The study concluded that an NYCA IRM requirement of 18.0%

could be met through 2009, assuming all planned resources were completed on schedule. Under a scenario whereby all planned resources do not materialize, an 18% IRM could be met through 2008. RCMS accepted the report and concluded that the NYISO was in full compliance with NYSRC resource adequacy assessment requirements.

2006 NPCC and NERC Reliability Compliance Programs

In addition to complying with NYSRC Rules, the NYISO must also comply with all NPCC and NERC Standards. RCMS has oversight responsibility concerning NYISO compliance with these NPCC and NERC criteria. During 2006, NPCC reviewed NYISO compliance relative to 12 NPCC and 41 NERC Standards that were included in the 2006 NPCC and NERC Reliability Compliance Programs. NPCC concluded that the NYISO was in full compliance with all 53 of standards included in the 2006 NPCC and NERC reliability assessments.

Conclusions

The following conclusions were reached by RCMS based on its experiences with the 2006 Reliability Compliance Program:

1. As in past years, the NYISO staff provided valued assistance during the RCMS compliance review process.
2. RCMS is pleased that for the third year in a row, the NYISO and Market Participants were found to be in full compliance with all NYSRC measurements -- in addition all NPCC and NERC standards -- that were assessed.
3. As shown on the attached 2006 Reliability Compliance Program Summary, compliance documentation was delayed past due dates for several compliance assessments. The NYISO requested these delays primarily because required NYISO procedures were incomplete or required data were not yet available. These delays ranged for three to seven months. In all cases RCMS granted the requested delays without non-compliance lateness findings. RCMS is working with the NYISO to minimize compliance documentation delays in 2007.
4. In 2007, NYISO Staff will review with RCMS the process that NYISO utilizes for reviewing market participant compliance with NYSRC rules and NYISO procedures.

2006 NYSRC RELIABILITY COMPLIANCE PROGRAM – FINAL SUMMARY REPORT

MEAS./ COMP. TEMP.	RELATED RULE	MEASUREMENT DESCRIPTION	COMPLIANCE DOC. REQUIRED 1	DUE NYSRC	DATE RECV'D.	DATE OF RCMS REVIEW	COMP. LEVEL 2
Resource Adequacy							
A-M2	A-R2,3	Establishing LSE ICAP requirements	A	3/1/06	3/8/06	5/11/06	FC
A-M3	A-R2,3	Certifying LSE ICAP obligations are met*	B	7/1/06	10/12/06	10/12/06	FC
Transmission Capability – Planning							
B-M3	B-R5	Demonstration that system is planned considering ease of restoration	C	8/1/06	8/10/06	8/10/06 9/7/06 4	4
B-M4	B-R6	List of NYS Bulk Power System Facilities	D	12/1/06	9		9
Resource, System & Demand Data Requirements							
C-M1	C-R1	Procedures for resource testing requirements	E	6/1/06	6/8/06	7/12/06	FC
C-M2	C-R1	Reporting resource DMNC test results to the NYISO*	F	12/1/06	12/7/06	12/7/06	FC
C-M3	C-R1	Reporting generator reactive power capacity test results to the NYISO*	G	12/1/06	12/7/06	12/7/06	FC
C-M4	C-R2	Procedures for reporting resource availability data	H	6/1/06	6/8/06	10/12/06	FC
C-M5	C-R2	Reporting of resource outage data to the NYISO*	I	12/1/06	12/7/06	12/7/06	FC
C-M6	C-R2	Reporting of historical resource outage data statistics and trends	J	9/1/06	9/7/06	10/12/06	FC
C-M9	C-R4	Procedure for maintenance of load flow, short-circuit and stability data	K	5/1/05	5/11/06, 12/7/06	5/11/06, 12/7/06 6	FC 6
C-M11	C-R4	Reporting of load flow, short-circuit and stability data to the NYISO*	L	12/1/06	12/7/06	12/7/06	FC
C-M12	C-R5	Procedures for disturbance recording device installation and reporting of data	M	12/1/06	10		10

MEAS./ COMP. TEMP.	RELATED RULE	MEASUREMENT DESCRIPTION	COMPLIANCE DOC. REQUIRED 1	DUE NYSRC	DATE RECV'D.	DATE OF RCMS REVIEW	COMP. LEVEL 2
C-M13	C-R5	Certification that disturbance recording devices have been installed and data reported as required*	N	12/1/06	10		10
Transmission Capability - Operating							
E-M6	E-R8	Pre-seasonal fault duty assessments	O	6/1/06	7/12/06	7/12/06	FC
E-M7	E-R8	MP evaluation of NYISO fault duty assessments*	P	12/1/06	12/7/06	12/7/06	FC
E-M8	E-R9	Application of Reliability Rules requirements	Q	5/1/06	5/11/06	5/11/06	FC
Operation During Major Emergencies							
F-M4	F-R8	TO load shedding capability*	R	7/1/06	11/9/06 7	11/9/06	FC
F-M6	F-R5	Voltage reduction testing	S	7/1/06 8	11/9/06 8	11/9/06	FC
System Restoration							
G-M1	G-R1,2	Procedure for maintaining a NYCA System Restoration Plan	T	10/1/06	1/11/07 5	1/11/07	FC
G-M2	G-R1,2	Transmission Owner Restoration Plan requirements*	U	10/1/06	1/11/07 5	1/11/07	FC
G-M3	G-R2	Blackstart Provider requirements*	V	10/1/06	1/11/07 5	11/11/07	FC
G-M4	G-R3	System restoration training requirements	W	10/1/06	11/9/06, 1/11/07 5	11/9/06, 1/11/07	FC
Local Reliability Rules							
I-M4	I-R1,2,3,4	Consideration of local rules in transmission planning and establishment of operating limits	X	8/1/06	8/10/06	9/7/06	FC
I-M5	I-R1,3,4	Con Ed procedures for Local Rules I-R1,R2 and R4*	Y	12/1/06	3/6/06	3/6/06	FC
I-M6	I-R3	LIPA procedures for Local Rule I-R3*	Z	12/1/06	3/6/06	3/6/06	FC
Reliability Assessment							
K-M1	K-R1	Certification that NYISO Manuals conform with Reliability Rules	AA	9/1/06	9/7/06	9/7/06	FC

MEAS./ COMP. TEMP.	RELATED RULE	MEASUREMENT DESCRIPTION	COMPLIANCE DOC. REQUIRED 1	DUE NYSRC	DATE RECV'D.	DATE OF RCMS REVIEW	COMP. LEVEL 2
K-M2a	K-R2	Annual transmission assessment	BB	4/1/06	3/23/06	4/6/06, 5/11/06, 7/12/06	FC
K-M2b	K-R2	Annual resource adequacy assessment	CC	6/1/06	7/12/06	7/12/06, 8/10/06	FC
K-M2d	K-R2	Monthly operating report		Monthly	1/11/07	1/11/07	FC 3
K-M3	K-R3	Extreme system condition assessment	DD	4/1/06	3/23/06	4/6/06	FC

* Market Participant requirements.

Footnotes

1. NYISO Compliance Documentation Requirements:

- A. The NYISO Locational Capacity Requirement (LCR) Report for the 2006-07 capability period. LCRs should be determined using the “Unified Methodology”. Either included in the report or in a supplement report, additional documentation should be provided (1) on how the analysis covered in the locational capacity requirement study considered intra-zonal transmission capacities (bottled generation), and (2) 2006 LSE capacity and IRM requirements so as to meet the 2006 NYCA IRM requirement of 18.0%.
- B. Certification that each LSE has demonstrated that it has procured sufficient capacity for the 2006 capability period to meet its ICAP requirement in accordance with NYISO procedures and A-M3.
- C. An assessment that demonstrates that the NYCA transmission system is planned considering ease of system restoration.
- D. NYISO procedure for developing a list of NYS Bulk Power System facilities in addition to the facilities list itself.
- E. Self-certification that the NYISO met C-M1 requirements for the previous capability period, including the forwarding of capacity data to the TOs within the time requirements specified in the measurement.
- F. Certification that applicable GOs reported results of net dependable capacity tests in accordance with NYISO procedures and C-M2.
- G. Certification that applicable GOs reported results of reactive power capacity tests in accordance with NYISO procedures and C-M3.
- H. Self-certification that NYISO procedures meet recently modified C-M4 requirements for reporting outage data to the NYISO.
- I. Certification that ICAP providers submitted outage data to the NYISO during an agreed upon time period in accordance with NYISO procedures. The NYISO should also report any incidents of misreporting of outage data, including monetary sanctions imposed by the NYISO and letters of non-compliance.
- J. Self-certification that the NYISO has provided the NYSRC with historical outage statistics and trends for ICS’s IRM studies in accordance with C-M6.
- K. Self-certification that there is a procedure in place for the development of load flow, short-circuit, and stability data bases in accordance with C-M9, including new requirements for reporting data base changes.
- L. Certification that market participants have provided load flow, short-circuit, and stability data bases to the NYISO in accordance with C-M11.
- M. Self-certification that the NYISO has in place procedures for the installation of disturbance recording devices and market participant reporting of data. The report should include references to appropriate NYISO procedures.
- N. Certification that Market Participants have installed disturbance recording devices and reported data in accordance with NYISO procedures and C-M13.

- O. Report covering an annual pre-seasonal 2006 assessment evaluating fault duty at each BPS station. If the report shows fault duty levels exceed equipment ratings, mitigation plans jointly approved by the NYISO and equipment owners should be reported to the NYSRC by 12/1/06.
 - P. Certification that applicable equipment owners have evaluated NYISO fault duty assessments in accordance with E-M7.
 - Q. Self-certification that the NYISO has established and maintained a procedure for Applications of the Reliability Rules, posted the list on the NYISO Web site and that the list is up to date, in accordance with E-M8.
 - R. Certification that TOs have reported to the NYISO load shedding documentation in accordance with NYISO procedures and F-M4.
 - S. A report of the results of statewide voltage reduction tests for the most recent summer period in accordance with F-M6.
 - T. Applicable documentation and references showing that the NYISO has developed system restoration procedures addressing all of the requirements specified in G-M1. In addition, the NYISO staff should provide a presentation to RCMS addressing key issues relative the NYISO restoration plan. The status of the implementation of PSC Blackout Report recommendations should also be included.
 - U. Certification that all TOs have established restoration plans and if required, blackstart capability plans, in accordance with NYISO procedures and G-M2 requirements.
 - V. Certification that blackstart providers are in compliance with NYISO procedures and G-M3 requirements.
 - W. Self-certification that the NYISO maintains restoration training programs in accordance with G-M4 requirements.
 - X. An assessment of how Rules I-R1 through I-R4 are applied in assessing future transmission plans and establishing operating limits and the operation of the BPS.
 - Y. Certification that Con Edison is in compliance with I-M5 requirements.
 - Z. Certification that LIPA is in compliance with I-M6 requirements.
 - AA. Self-certification that the procedures in NYISO planning and operating manuals are in compliance with NYSRC Rules.
 - BB. Annual NYCA Transmission Assessment Report.
 - CC. NYCA resource adequacy report for the 2006-08 period.
 - DD. An assessment of the impact of Extreme System Conditions in accordance with K-M3 requirements. This assessment may be included in the NYCA Transmission Assessment Report (see Note BB).
2. FC – Full Compliance
- L1 – Non-Compliance Level 1
 - L2 – Non-Compliance Level 2
 - L3 – Non-Compliance Level 3
 - L4 – Non-Compliance Level 4
3. This applies to all monthly operating reports through December 2006.
4. RRS is preparing PRR #90 to modify Measurement B-M3 requirements; the B-M3 compliance review will be rescheduled to 2007.
5. An NYISO presentation on restoration training was provided on 11/9/06. RCMS granted a delay for required procedures for complying with G-M1, G-M2, G-M3, & G-M4, w/o a non-compliance lateness finding, until January 11, 2007.
6. Compliance review was delayed to 12/1/06, w/o a non-compliance lateness finding, to allow the NYISO to prepare additional procedures to satisfy this requirement. On 12/7/06 the NYISO provided RCMS with a draft technical bulletin that satisfied these additional requirements. FC was designated pending receipt of a final technical bulletin in 2007 that satisfies C-M9 requirements.
7. RCMS agreed to a NYISO request to delay due date to 10/1/06, but was further delayed to 11/9/06 (within grace period) because of the failure of the NYISO to request the required data from TOs in time to meet the revised 10/1/06 due date.
8. RCMS agreed to a NYISO request to delay receipt of this information to 10/1/06. However, this information was further delayed to 11/9/06, within the non-compliance lateness grace period.
9. RCMS agreed that this compliance assessment should await adoption of NPCC A-10, expected in 2007.
10. RCMS granted a delay to 2007 for submission of C-M12 & M13 compliance documentation until NPCC completes the necessary procedures document.