

MEMORANDUM

To: NYSRC Executive Committee
From: Roger Clayton
Subject: Notes on potential changes to the NYSRC exception process in Policy 1
Date: November 5, 2024

Current NYSRC Policy 1

NYSRC Policy 1, Section 5: Exceptions to Reliability Rules covers exception procedures <https://www.nysrc.org/wp-content/uploads/2023/03/POLICY-1-11-Final-2-7-17.pdf>. A request for a new exception to a Reliability Rule, or the removal or modification of a current exception to a Reliability Rule (an Exception Change) must be submitted to the Executive Committee for approval. An Exception Change request to the Executive Committee shall be initiated in one of three ways: (1) a request by a transmission owner following an annual transmission owner review of current exceptions, (2) a request made at any time by a market participant, or (3) a request by the NYISO or any member of the Executive Committee.

Policy 1 sets out the criteria for granting new, modified or removal of exceptions. Documentation requirements include technical assessments:

- *Demonstrating that there will be no adverse impact on reliability as the result of the NYSRC granting the Exception Change request.*
- *For a new exception request, an assessment of economic impacts, environmental impacts, and/or reliability impacts from granting the new exception shall also be submitted.*
- *For a request to remove a current exception, a description of the reason for the exception removal shall be submitted to the NYSRC. The Applicant will not be required to submit a technical assessment to demonstrate that there will be no adverse impact on reliability for the removal of the exception.*

Note that the premise underlying the criterion for removal of an exception is that there will be no adverse impact on reliability if the exception is removed. In other words, and a guiding principle, an exception has the potential to increase the risk to system reliability.

Notes on NYSRC guidance for applicants seeking exceptions involving IBRs

In anticipation of requests for exceptions to RR B.5 which addresses IBR interconnection studies, NYSRC recently approved notes on guidance for applicants seeking exceptions for IBR as-designed projects: <https://www.nysrc.org/wp-content/uploads/2024/07/Notes-on-guidance-to-IBR-Interconnection-Customers-seeking-exceptions-to-NYSRC-Reliability-Rule-B.5-7-12-2024.pdf>. In addition, there may be further requests for exceptions to the IEEE 2800 Standard with respect to IBR as-built model validation given the fluid nature of the IEEE 2800.2 Draft Standard.

NERC's Risk Assessment Considerations during NERC Review of Exception Requests

The NYSRC IBR guidance notes reference Risk Assessment Considerations during NERC Review of Exception Requests: https://www.nerc.com/pa/RAPA/BES/DL/Risk_Assessment_Method_Exception_Requests.pdf. NERC's risk assessment of exception requests includes the criterion that there shall be no adverse impact on the reliable operation of the interconnected bulk power transmission system. General considerations include:

- Case by case evaluation
- No bright line exception criteria (FERC Order 773)
- Involvement with flow gate, nuclear or RAS facilities?
- Does element supply capacity and/or ancillary services?
- Impact of exception on aggregate facilities (current & future)?
- Operating experience of elements involved in exception request?

NERC's APPENDIX 4D TO THE RULES OF PROCEDURE

NPCC's Regional Criteria Standards reference NERC's Rules of Procedure which includes the Procedure for Requesting and Receiving Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Standards, Appendix 4D: <https://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.

Appendix D lists considerations for approval of a Technical Feasibility Exception (TFE) on the grounds that strict compliance:

- Is not technically possible or is precluded by technical limitations
- Is operationally infeasible or could adversely affect reliability of the Bulk Electric System to an extent that outweighs the TFE reliability benefit
- Is not feasible within a date certain
- Would impose safety risks or costs in excess of TFE benefit

Appendix D also requests but does not mandate a TFE Expiration Date but does require an Annual Report on TFEs which includes addressing *efforts to eliminate future reliance on the exception*.

Conclusions

In consideration of the discussion above, a revision to NYSRC's Policy 1, Section 5: Exceptions to Reliability Rules should address the following questions:

- Who has regulatory authority on existing exceptions, TOs or NYSRC? Are they grandfathered?
- Should any new or revised exception be approved?
- Should there be an expiration condition on all new or revised exceptions?
- Is the reliability benefit of a new or revised exception greater than the potential reliability risk?
- Should there be a periodic mandatory review of all exceptions?

- Should there be consideration of the reliability impact of new or revised exceptions regarding:
 - Involvement with flow gate, nuclear or RAS facilities?
 - Does element supply capacity and/or ancillary services?
 - Impact of exception on aggregate facilities (current & future)?
 - Operating experience of elements involved in exception request?

It is recommended that a small group of EC Members meet to discuss these issues.