Draft RRS Discussion Paper

Policy 1 Section 5

October 27, 2025

1. Introduction

The NYSRC carries out its mission in accordance with the NYSRC and NYISO/NYSRC Agreements. These agreements establish the responsibilities, duties, and the obligations of the NYSRC. The NYSRC fulfills its mission through its focus on maintaining the reliability of the New York State Bulk Power System (NYS Bulk Power System) by developing Reliability Rules for planning and operating the NYS Bulk Power System and monitoring compliance with these Rules; as described in the Reliability Rules and Compliance Manuel V47 (July 2024). The NYSRC also maintains a set of policies. Policy 1 contains the procedures for reviewing, modifying, and disseminating NYSRC Reliability Rules. Policy 1, Section 5 describes the formal procedures for Exceptions to the Reliability Rules. The formal list of approved exceptions is maintained on the NYSRC web site.

The NYSRC developed a 2025 RRS goal, RRS Goal B1.2 "Consider revisions of Policy 1 with respect to Section 5 Exception Process & Criteria. Report to EC with Recommendations in Q4/2025".

2. Background of Approved Operating Exceptions

The great majority of the planning and operating exceptions originated during the 1980's and 1990's, were approved by the New York Power Pool Operating Committee ("NYPP"), and memorialized in NYPP Operating Procedures OP-1. In that period transmission asset owners (utility NYPP members) had the oppertunitty to request an operating exception. The general premise was that the asset owner was comfortable that post contingency re-dispatch capability, relay operations, and/or operator operating actions could quickly reduce post contingency power flows to normal limits hence providing production cost and efficiencies to customers. In 1999 the NYSRC adopted the legacy NYPP planning and operating exceptions. With time some of the exceptions have been eliminated.

3. Relevant Rules impacted by Exceptions

There are currently eleven approved exceptions. These eleven are approved exceptions to two (relevant) reliability rules. Additionally there is a rule describing exception process, review, and compliance and the relatively new IBR rule which only applies to new interconnections.

Rule B.1: Transmission System Planning Performance Requirements
Transmission facilities in the NYS Bulk Power System shall be planned to operate reliably over a broad spectrum of system conditions and following a wide range of contingencies.

> R1. Transmission facilities in the NYS Bulk Power System shall be planned to meet the respective performance requirements in Table B-1 and supplemental performance requirements in Table B-2 for the contingency events as specified in Table B-1.
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> > Table B-2 describes **Post-Contingency Assessment**
> > For normal transfers, no facility shall be loaded beyond its LTE rating following the most severe of Contingency Events 1 through 9 specified in Table B-1

Rule C.1: Establishing Operating Transfer Capabilities
Normal and emergency operating transfer capabilities shall be established in order to operate the NYS Bulk Power System to a level of reliability that will not result in the loss or separation of a major portion of the system.

> R1. Normal and emergency operating transfer capabilities shall be established to meet the respective performance requirements in Table C-1 and supplemental performance requirements in Table C-2, for the contingency events specified in Table C-1.
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> > Table C-2 describes **Post-Contingency Criteria**
> > For normal transfers, no facility shall be loaded beyond its LTE rating following the most severe of contingencies 1 through 8 specified in Table C-1.

Rule C.7: Exceptions to the NYSRC Reliability Rules

A list of all exceptions to the NYSRC Reliability Rules shall be established and maintained.

R1. The NYISO shall implement actions required for granting new exceptions or modifying or removing current exceptions, as described in NYSRC Policy 1, Procedure for Reviewing, Developing, Modifying, and Disseminating NYSRC Reliability Rules.

- R1.1: NYISO shall require annual review of approved exceptions annually. This does not currently (specifically) require consideration of expiration dates.
- R1.2: If there is a request for a new, modified or removal of an exception, the NYISO is required to review any reliability implications of the request.
- R1.3: NYISO provide their reliability review of an exception change request to the NYSRC for consideration.

Rule B.5: Establishing New York Control Area (NYCA) Interconnection Standards for Large Inverter Based Resource (IBR) Generating Facilities

NYISO's Interconnection Studies for Large (>20 MW) IBR Generating Facilities shall be based on IBR Plants compliant with the IEEE 2800-2022 Standard as amended for NYCA application, and their associated IBR models and data.

R1. The NYISO shall prepare and maintain procedures for the NYISO's Interconnection Studies process requiring that Large IBR Generating Facility Developers:

R2. Each Large IBR Generating Facility Developer subject to the NYISO's Interconnection Studies process shall: B. Transmission Planning, cont.
37

4. Benefits of NYSRC Planning & Operating Exceptions

1. In the planning horizon, transmission asset infrastructure expansion is delayed or avoided.
    a. Some RRS members prefer to develop plans and construct transmission upgrades such that certain exceptions can be eliminated yet in the meantime support continuation of existing, approved exceptions.

2. In the operations time horizon, a potential benefit of operating exceptions can minimize system production costs. The premise is that individual asset owners remain comfortable that NYISO re-dispatch and operating actions can quickly reduce post contingency power flows.
    a. Some RRS members believe operating exceptions allow a higher utilization of total transmission capability transfer in Normal Transfer Criteria than without approved exceptions.

It should be noted, the NERC and NPCC criteria allow planning and operations criteria allow predicted post contingency power flows can approach flows Short Term Emergency ("STE") ratings for all transmission assets.

5. Concerns with NYSRC Planning & Operating Exceptions

1. Allowing new exceptions results in the avoidance of planning and building new transmission upgrades. The longer term transmission system would likely be more reliable if additional transmission capability is planned and constructed for forecasted needs.

2. Operating exceptions can result in higher pre and post contingency power flows resulting in increased challenges in returning power flows below normal ratings after a contingency.

3. If existing planning exceptions are eliminated Transmission Owners may need to develop plans to build more infrastructure and file for transmission cost recovery in state rate cases.

4. Operating exceptions can result in higher pre and post contingency power flows resulting in creating incremental risks of returning power flows below normal ratings as post contingency operations can be reliant on post contingency generator re-dispatch, interchange schedule changes, manual operating actions by transmission owners, and manual generation changes such as generator “runback” and generator breaker operations.

It should be noted that higher levels of power transfers can be allowed without formal operating exceptions for reliability purposes because the NYISO has the ability to declare Emergency Transfer Criteria (“ETC”). If exceptions are eliminated the oppertunitty for reduced production cost benefits would be eliminated yet the capability to recognition of post contingency operations to STE to avoid load shedding would exist (while the NYISO takes actions except load shedding to return to the Normal State defined in NYISO Operations Manuels.

While not a concern with planning or operating exceptions, it should be noted that Public Policy transmission projects and other planned and completed transmission projects can increase transmission transfer capability hence (arguably) alleviate the need for planning and operating exceptions. “Head room” for eliminating exceptions is not physically reserved when transmission capability upgrades are completed as actual power flow scheduling is a function of supplier market bids.

6. Issues for RRS Discussion (Mostly Issues identified in R Clayton November 5 Memorandum "Conclusion" section);

1. Who has regulatory authority on existing exceptions, TOs or NYSRC? Are they grandfathered? **All RRS members agree with NYSRC authority**

   RRS members agree that the NYSRC has authority over new, existing, and eliminating exceptions. Understanding the pre and post contingency free-flowing nature of the integrated transmission system, RRS members agree the authority for managing new and modified exceptions properly resides with the NYSRC. Regarding a request to eliminate an existing exception by an effected Transmission Owner, RRS members agree the authority properly resides with the NYSRC yet commented that the effected Transmission Owner's request to eliminate an exception should be highly respected.

2. Should any new exceptions be approved

   RRS members believe that, as a matter of principle, new exceptions should generally not be considered yet respect that is some, rare situations it may be necessary to consider and approve a new exception as "temporary" until such time that a long term planning solution can be developed and transmission upgrades can be commissioned into service. In these rare situations where approval of a new, temporary exception is approved, a forecasted expiration date should accompany the new exception understanding the that expiration date may need to be updated at a later point in time based on Transmission Owner plans and construction completion schedules.

3. Should any revised exceptions be approved?

RRS members agree that revisions should be considered and approved utilizing current request-review-approval processes.

4. Should there be an expiration condition on all new or revised exceptions?

   New: RRS members agree that new exceptions should be approved as temporary and have expiration conditions

   Existing: RRS members agree that there is no need for expiration conditions on existing exceptions although consideration should be given as part of NYSRC Rule C.7 to consider elimination of existing exceptions.

5. Is the reliability benefit of a new or revised exception greater than the potential reliability risk?

   RRS does not believe the reliability benefits of a new or revised exception is greater than the reliability risk of not having an exception.

6. Should there be a periodic mandatory review of all exceptions?

   RRS hasn't discussed. Covered in NYSRC Rule C.7

7. Should there be consideration of the reliability impact of new or revised exceptions regarding SPS's and/or RAS's?

   RRS hasn't discussed.

8. Should there be consideration of the reliability impact of new or revised exceptions for supply (energy or capacity) limitations?

RRS does not believe this is relevant because the NYISO can declare ETC.

9. Should there be consideration based on operating experience such as avoiding Emergency Transfer Criteria (ETC)?

   RRS members do not believe avoiding ETC or other operating experiences provide a basis for allowing exceptions (is this correct???)

7. Draft Recommendations for Changes to Policy 1, Section 5

- Revise Policy 1, Exception 5 to state that for requests for new planning and/or operating exceptions that the request be formally defined as temporary with forecasted expiration date with provisions that the expiration date could be modified at a later point in time based on planning and constructions projects.

- Revise Rule C.7 such that TO's (annually) consider the possibility to eliminate any existing planning and operating exceptions. This is in contrast to the current, requirement to "review the list annually".