

NEW YORK STATE RELIABILITY COUNCIL, L.L.C. (NYSRC)

POLICY 1-11

**PROCEDURE FOR REVIEWING,
DEVELOPING, MODIFYING, AND DISSEMINATING
NYSRC RELIABILITY RULES**

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Section 1: Introduction

The procedures in Policy 1 shall govern the activities of the New York State Reliability Council (NYSRC) related to developing, modifying, approving, disseminating, and implementing the NYSRC Reliability Rules (Reliability Rules). The 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.

The Reliability Rules, in accordance with the NYSRC Agreement and the NYISO/NYSRC Agreements, supplement the North American Electric Reliability Corporation (NERC) standards and Northeast Power Coordinating Council (NPCC) standards and criteria. The Reliability Rules are consistent with, and may be more specific or stringent than NERC and NPCC standards and criteria recognizing New York Control Area (NYCA) system characteristics or reliability needs. The NYISO and all NYISO market participants have an obligation to also comply with NERC and NPCC standards and criteria.

The Reliability Rules and associated compliance elements are included in the NYSRC Reliability Rules and Compliance Manual. This manual may be down-loaded from the NYSRC web site at www.nysrc.org. Table 1 at the end of this document provides a quick view of the various Reliability Rule processes covered by Policy 1.

Section 2: Definition of a Reliability Rule

A NYSRC Reliability Rule and its set of related elements provide for the reliable operation of the NYS Bulk Power System. One of these elements, Requirements, defines specific obligations of the NYISO and New York market participants for meeting intended reliability outcomes specified by a Reliability Rule. These Requirements are material to reliability and measurable.

Compliance with the Reliability Rules shall be determined solely in accordance with the Requirements and Compliance Elements of each Reliability Rule.

Section 3: Process for Developing or Modifying a Reliability Rule

Reliability Rule Development and Modification Request

The NYISO, NYISO market participants, and the NYSRC may propose the development of a new or modified Reliability Rule by submitting a Proposed Reliability Rule (PRR) form to the Reliability Rules Subcommittee (RRS). The PRR form is used to document proposed and modified Reliability Rules and related elements, including compliance elements, an implementation plan, and the need for the new or modified rule. The PRR form is provided on the NYSRC web site at www.nysrc.org.

There are several steps to the development or modification of a Reliability Rule. A flowchart showing the key steps of the Procedure is attached (Policy 1 flowchart 1).

Step 1 - Request to Develop or Modify Reliability Rules

All requests to develop or modify Reliability Rules must be submitted to the NYSRC Executive Committee Secretary (Secretary) on the PRR form via e-mail. The Secretary's e-mail address can be found on the NYSRC website (www.nysrc.org). Upon receipt, the Secretary will transmit the request concurrently to the RRS for action and to the NYSRC Executive Committee (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 Review of Requests 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 Rule is needed, it will notify the Executive Committee of its decision and will seek the 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 Executive Committee of its decision, along with its reasons for recommending that the request should be denied, and will seek the Executive Committee's approval of that decision. If the 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 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 criteria, and draft appropriate revisions of the Reliability Rules as necessary to comply with these standards and criteria.

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 Executive Committee on the NYSRC web site (www.nysrc.org) and will provide forty-five (45) calendar days for comment. All comments must be sent to the Secretary via e-mail. The NYSRC will exercise its discretion as to whether it will consider comments that are received after the forty-five day comment period. One factor that will be considered as to whether late comments will be considered shall include its potential impact on Reliability Rule development process time. 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 Review of Comments

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

Step 5 – Executive Committee Review and Vote on Final Draft Rule

The Executive Committee will review the RRS final draft of a new or modified Reliability Rule, including any RRS minority opinions. The 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 Executive Committee decides to revise the draft Reliability Rule, the Executive Committee may, in its discretion, elect to re-post the draft Rule change for comment and repeat Steps 3-5.

Step 6 – Dissemination of the Reliability Rules

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

1. Inclusion in the NYSRC Reliability Rules and Compliance Manual
2. Posting on the NYSRC web site
3. Transmittal to the NYISO, ISO-New England, NPCC, FERC, and PSC
4. Inclusion in the 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 following adoption by the Executive Committee. An Implementation Plan in the PRR describes required NYISO and market participant actions, including prerequisite actions that must be accomplished, related to the effective date the entities must be in compliance.

Step 8 - Dispute Resolution

If the NYISO determines that the new or revised Reliability Rule is unnecessary or should be modified, Executive Committee and NYISO representatives shall discuss the NYISO's concerns and attempt to resolve the matter in accordance with the dispute resolution process in Article 5 of the NYISO/NYSRC Agreement. If the 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.

Section 4: Development or Modification of a Reliability Rule on an Expedited Basis

The 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 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 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 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.

Section 5: Exceptions to the Reliability Rules

5.1 Introduction

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.

These procedures are in accordance with Reliability Rule C.7 that provides NYISO requirements with regard to granting new exceptions or modifying or removing current exceptions.

The party requesting an Exception Change (the Applicant) shall notify the NYISO when the request is made to the Executive Committee.

An Applicant may request the Executive Committee for an expedited approval of an Exception Change when it considers that its proposed modification is just administrative in nature and therefore does not require the technical review required for a normal Exception Change request. See “Section 5.4, Expedited Approval of an Exception Change Request.”

The Executive Committee shall verify the technical basis for the Exception Change, but will not reconsider the original justification for a current exception.

5.2 Supporting Documentation

The Applicant shall meet NYSRC documentation requirements, including the following:

1. For a request for Exception Changes, a technical assessment shall be submitted to the NYSRC demonstrating that there will be no adverse impact on reliability as the result of the NYSRC granting the Exception Change request. For a request for a new

exception, an assessment of economic impacts, environmental impacts, and/or reliability impacts from granting the new exception shall also be submitted.

2. 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.
3. At any point in the review process, the NYSRC may require the Applicant to submit supplemental information in addition to the supporting documentation required in items 1 and 2 above.

5.3 Procedure for Consideration of an Exception Change Request

1. The Applicant shall submit the request for the Exception Change and supporting documentation to the Executive Committee. In addition, the Applicant shall notify the NYISO's representative on RRS of this request.
2. The Executive Committee shall perform an initial review of the Exception Change request to determine whether the Applicant has submitted the required supporting documentation. Following its review, the Executive Committee shall either:
 - Request the NYISO to review the proposed exception change,
 - Request the Applicant for more information, or
 - Reject the request.
3. The NYISO shall review an Exception Change request referred to it by the Executive Committee. The NYISO will provide the Executive Committee with its recommendation as to whether the Exception Change should be granted or denied.
4. The Executive Committee shall direct RRS to review the Exception Change request and the comments and recommendation received from the NYISO to verify that the technical merits of the request justify the Exception Change. RRS may request that

the Applicant provide additional information in order to complete its verification review.

5. RRS shall report to the Executive Committee its recommendation as to whether the required procedures were followed, whether it deems the request to be technically acceptable and whether the requested Exception Change should be approved.
6. The merits of the Exception Change shall be assessed by the Executive Committee. The Executive Committee will notify the Applicant and the NYISO of its decision to approve or deny the Exception Change, and the reasons for its decision.
7. Following approval of an Exception Change, the NYSRC shall update its list of exceptions to the Reliability Rules.

5.4 Procedure for an Expedited Approval of an Exception Change

1. When an Applicant determines that an Exception Change request warrants an expedited approval, it shall submit the request directly to the RRS, with a copy to the Executive Committee.
2. The RRS shall review the request for an expedited approval of an Exception Change to ensure that the proposed Exception Change is just administrative in nature and does not require a technical review. If the RRS does not agree that an expedited review is justified, it shall recommend to the Executive Committee that the Exception Change request follow the normal Exception Change procedure described in Sections 5.2 and 5.3.
3. If the RRS agrees that the proposed Exception Change is just administrative in nature it shall recommend to the Executive Committee that the Exception Change be approved.

A flowchart showing the key steps of the Exception Change Request Procedure is shown in Appendix A.

Section 6: 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 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 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 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 Executive Committee. The 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 Executive Committee will follow the procedures set forth in this Policy 1 statement. The temporary exception implemented by the NYISO will remain in effect until the Executive Committee makes a determination as to whether the temporary exception should be made permanent or discontinued.

Section 7: Process for Requesting and Developing an Interpretation of a Reliability Rule

An interpretation request seeks clarification of the intent or purpose of a Reliability Rule or a

Requirement. The response to an interpretation request will provide the requested explanation without expanding or revising the subject Reliability Rule or Requirement. The Executive Committee, a NYSRC subcommittee, the NYISO, or a NYISO market participant may request an interpretation.

The entity requesting the interpretation shall describe the specific clarification requested, the specific circumstances surrounding the request, and the impact of not having the interpretation provided. The interpretation request shall be submitted to the Executive Committee and referred to RRS. The interpretation response shall be prepared by RRS for approval and adoption by the Executive Committee. RRS shall forward the approved interpretation response to the entity that requested the interpretation.

Section 8: Process for Developing a Glossary Term

The NYSRC Glossary of Terms (Glossary) contains the definitions of certain terms used in the Reliability Rules and measurements. The development of a new definition or a revision to an existing definition contained in the Glossary shall be prepared by RRS. Proposed definitions shall be incorporated into Request to Develop or Modify Reliability Rule forms. The Executive Committee, a NYSRC subcommittee, the NYISO, or a NYISO market participant may request that a new term or a revision of an existing term be added to the Glossary. The Executive Committee shall approve and adopt new definitions and revisions to existing definitions.

Section 9: Process for Correcting Errata

From time to time, an error may be discovered in a Reliability Rule after it has been adopted. If RRS finds that the correction of an error would not change the scope or intent of the Reliability Rule, and finds that the correction would have no material impact on the NYISO or its market participants, then the correction shall be referred by RRS to the Executive Committee for approval.

Section 10: Reliability Rules Development Recognizing NERC and NPCC Standards and Criteria

NYSRC Reliability Rules and related requirements, in all cases, are either consistent with or more stringent or specific than NERC and NPCC reliability standards and criteria. No NYSRC Reliability Rules and related requirements are less stringent than associated NERC and NPCC standards and criteria. Accordingly, NYSRC Reliability Rules are developed according to the following guidelines with respect to associated NERC and NPCC standards and criteria:

1. A new NYSRC Reliability Rule may be developed if at least one of its requirements is more stringent or specific than any requirements related to any associated NERC or NPCC standard or criterion. Other requirements in the new Reliability Rule shall be consistent with any associated NERC and NPCC standard or criterion requirements.
2. An existing NYSRC Reliability Rule that has one or more requirements that are more stringent or specific than associated a NERC or NPCC standard or criterion shall incorporate, if appropriate, requirements of an associated NERC or NPCC standard that are more stringent than existing NYSRC requirements.
3. An existing NYSRC Reliability Rule shall be retired if none of its requirements are more stringent or specific than associated NERC or NPCC standards and criteria.
4. Revisions of NERC and NPCC standards and criteria associated with NYSRC Reliability Rules shall be regularly monitored to ensure that NYSRC Reliability Rules are consistent with NERC and NPCC requirements.

Exceptions to the above guidelines for a particular application must be approved by the Executive Committee.

Section 11: Functional Responsibilities

Reliability Rules Subcommittee

The RRS has the overall responsibility for managing the development of Reliability Rules. Specific responsibilities include:

- Recommend to the Executive Committee, when appropriate, revisions to Policy 1.
- Maintain the Reliability Rules and Compliance (RR&C) Manual and revise when appropriate.
- Maintain and recommend to the Executive Committee Reliability Rule additions or modifications using the PRR form in accordance with Step 1 of Section 3.
- Revise PRRs in accordance with Executive Committee comments.
- Review requests to develop or modify a Reliability Rule in accordance with Step 2 of Section 3.
- Review comments received from interested parties as a result of web site postings, revise the PRR if appropriate, and submit to the Executive Committee in accordance with Step 4 of Section 3.
- Following adoption of a Reliability Rule by the Executive Committee, incorporate the Reliability Rule into a new version of the RR&C Manual.
- Complete those responsibilities assigned by the Executive Committee as required by Sections 4 through 9.

Reliability Compliance Monitoring Subcommittee

- Prepare compliance elements for the PRR form.
- Recommend new or modified Reliability Rules when appropriate.

Executive Committee

- Approve or reject requests for new or modified Reliability Rules.
- Provide the RRS with advice in the development of Reliability Rules.
- Approve posting of PRRs.
- Adopt new or modified Reliability Rules.

- Recommend new or modified Reliability Rules when appropriate.

Executive Secretary

- Submit rule change requests that are received on the NYSRC web site to RRS and the Executive Committee.
- Post for comment on the NYSRC web site PRRs that are approved by the Executive Committee.
- Submit to RRS comments on PRRs that are received on the web site.
- After adoption by the Executive Committee, post PRRs on the NYSRC web site.

NYISO

- Notify market participants of new or revised Reliability Rules.

Table 1
Reliability Rule Process Guide

	Requestor 1	Recommend Disposition	PRR Required	Post for Comment	Approval
Reliability Rule	Any party	RRS	Yes	Yes	EC
Requirement	Any party	RRS	Yes	Yes	EC
Compliance Elements	Any Party	RCMS	Yes	Yes	EC
Reliability Rule Implementation Plan	RRS	RRS	Yes	Yes	EC
Modification of a Reliability Rule on an Expedited Basis	Any party	RRS	Yes	Yes	EC
Exceptions to the NYSRC Reliability Rules	Any party	RRS	No	No	EC
Temporary Exception to a Reliability Rule	NYISO		No	No	2
Interpretation of a Reliability Rule	Any party	RRS	No	No	EC
Glossary Term	Any party	RRS	No	No 3	EC
Errata Correction	Any party	RRS	No	No	EC

1 “Any party” includes the Executive Committee or any NYSRC subcommittee, the NYISO, and any Market Participant.

2 No approval for a temporary exception is required. The EC *will* determine whether a temporary exception shall be adopted as permanent.

3 May be included in a PRR with a related proposed Reliability Rule or Requirement change.

Appendix A: Exception Change Request Procedure

