

Request to Develop Reliability Rules for Implementation of Rules Enhancement Plan (REP)

| Item | Response |
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| 1. Rules Enhancement Plan (REP) Description | On April 11, 2013, the NYSRC Executive Committee adopted a Rules Enhancement Plan (REP) which: (1) restructures the present NYSRC Reliability Rules and supporting elements, and (2) proposes new rules and revises others to ensure they are consistent with current and pending NERC and NPCC standards and criteria, while continuing to maintain NYSRC's more stringent and specific requirements. Comments will be considered for proposed new and revised rules that are highlighted in red-line. The REP is described in the NYSRC report, <i>Rules Enhancement Plan</i> , www.nysrc.org/reports3.asp , which describes the restructured rule format (PRR Lines 3-7) and the tasks for implementing the REP. |
| 2. Reliability Rule Requester | NYSRC Reliability Rules Subcommittee (RRS) |
| 3. REP Number | REP-02 |
| 4. Rule Number and Title | A-R2 – Establishing the Load Serving Entity Installed Capacity Requirements and Deliverable External Area Installed Capacity |
| 5. Section A – Reliability Rule Elements | |
| 1. Reliability Rule | <u>Load Serving Entity installed capacity requirements and deliverable external area installed capacity for the following Capability Year shall be established.</u> |
| 2. Associated NERC & NPCC Standards and Criteria | NPCC: None NERC: None |
| 3. Applicability | NYISO and LSEs |
| 6. Section B – Requirements | |
| Requirements | <p>R1. LSEs shall be required to procure sufficient resource capacity for the entire NYISO defined obligation procurement period so as to meet the statewide IRM requirement determined from A-R1. Further, this LSE capacity obligation shall be distributed so as to meet locational ICAP requirements, considering the availability and capability of the NYS Transmission System to maintain A-R1 reliability requirements.</p> <p>R2. ICAP from resources external to the NYCA for satisfying a portion of LSE ICAP requirements must be demonstrated to be available and deliverable to the NYCA borders. ICAP from resources external to the NYCA shall be permitted to the extent A-R1 reliability requirements are satisfied.</p> <p>R3. The NYISO shall prepare a report for the next capability period showing (1) LSE IRM and ICAP requirements so as to meet the statewide IRM requirement, (2) LSE locational ICAP requirements for applicable NYCA zones, such as New York City and Long Island, and (3) the allowable amount of LSE ICAP requirements that may be located externally to the NYCA. The report shall include the procedures, factors, and assumptions utilized by the NYISO to determine these LSE ICAP requirements. The NYISO Installed Capacity Manual shall include procedures to establish LSE ICAP requirements.</p> <p>R4. Each LSE shall certify and maintain its ICAP obligation for the next capability period, including any locational and external ICAP, in accordance with LSE ICAP requirements</p> |

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| | <p>established by the NYISO Tariff and the NYISO Installed Capacity Manual.</p> <p>R5. The NYISO shall notify those LSEs that are determined to be deficient in meeting their ICAP requirements including locational ICAP requirements, for the next capability period. This notification shall specify appropriate deficiency charges. The NYSRC shall be immediately notified of such capacity deficiencies, including any measures that may be planned to minimize reliability impacts.</p> |
| <p>7. Section C – Compliance Elements</p> | |
| <p>1. Measures</p> | <p>M1. The NYISO conducted an annual analysis to establish LSE and locational installed capacity (ICAP) requirements for the next capability year. The analysis was based on NYCA ICAP requirements established by the NYSRC and utilizes models and assumptions consistent with those used by the NYSRC for its ICAP requirement study. A report was prepared in accordance with R3, which addresses the results of the study, models utilized, study procedures and assumptions, and other study considerations. The report demonstrates that the LSE and locational ICAP requirements established by the NYISO meets NYSRC Reliability Rules.</p> <p>M2. Each LSE demonstrated that it procured sufficient capacity from Installed Capacity Suppliers to meet its ICAP requirement, in accordance with R4.</p> <p>M3. The NYISO immediately notified the NYSRC that a LSE failed to demonstrate that it meets its ICAP requirement for the next capability period, in addition to other requirements specified in R5.</p> |
| <p>2. Levels of Non-Compliance</p> | <p><u>For Measure 1</u></p> <p><u>Level 1:</u> Not applicable.</p> <p><u>Level 2:</u> The NYISO report, or analyses of LSE and locational ICAP requirements, was incomplete in one or more areas.</p> <p><u>Level 3:</u> Analyses of LSE and locational ICAP requirements did not meet NYSRC Reliability Rules, or did not meet NYCA ICAP requirements established by the NYSRC.</p> <p><u>Level 4:</u> Analyses of LSE and locational ICAP requirements were not provided.</p> <p><u>For Measure 2</u></p> <p><u>Level 1:</u> Not applicable.</p> <p><u>Level 2:</u> Not applicable.</p> <p><u>Level 3:</u> Not applicable.</p> <p><u>Level 4:</u> The LSE failed to comply with NYISO requirements to demonstrate that it procured sufficient capacity to meet its ICAP obligation.</p> <p><u>For Measure 3</u></p> <p><u>Level 1:</u> Not applicable.</p> <p><u>Level 2:</u> Not applicable.</p> <p><u>Level 3:</u> Not applicable.</p> <p><u>Level 4:</u> The NYISO did not notify the NYSRC when an LSE failed to demonstrate that</p> |

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| | it meets its ICAP requirement for the next capability period. |
| 3. Compliance Monitoring Process (See Policy 4): | |
| 3.1 Compliance Monitoring Responsibility | <ul style="list-style-type: none"> • C-M1: RCMS • C-M2: Review of LSE Compliance – NYISO • C-M2: Review of NYISO Certification of LSE Compliance – RCMS • C-M3: RCMS |
| 3.2 Reporting Frequency | <ul style="list-style-type: none"> • C-M1: Annually • C-M2: Annually • C-M3: When required |
| 3.3 Compliance Reporting Requirements | <ul style="list-style-type: none"> • C-M1: In accordance with Annual Compliance Monitoring Program requirements • C-M2: NYISO Certification of LSE Compliance • C-M3: As required |
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| 8. Implementation Plan | This Reliability Rule will be implemented in accordance with the NYSRC <i>Rules Enhancement Plan</i> . |
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| 9. Comments | |
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| 10. Date Reliability Rule Adopted | |
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| 11. REP PRR Revision Dates | 10/31/13 |