

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Mandatory Reliability Standards for the Bulk Power System) **Docket No. RM06-16-000**
)

COMMENTS OF THE NEW YORK STATE RELIABILITY COUNCIL, L.L.C.

Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC") October 1, 2009 notice extending the deadline to submit comments on the Topological and Impedance Element Ranking ("TIER") Report¹ in the above-mentioned docket from October 13, 2009 to and including October 28, 2009, the New York State Reliability Council, L.L.C. ("NYSRC") hereby submits the comments below.

I. Background

FERC's Office of Electric Reliability ("OER") initiated the TIER study to develop an approach to distinguish which facilities are considered part of the bulk power system based on the topology and electrical properties of connections. The TIER Report, publicly presented by its authors on September 22, 2009, proposes a methodology to determine which entities are subject to the North American Electric Reliability Corporation ("NERC") registration and compliance requirements. The proposed methodology ranks and classifies various components

¹ *Mandatory Reliability Standards for the Bulk Power System*, Topological and Impedance Element Ranking of the Bulk-Power System Preliminary Report (Aug. 31, 2009) ("TIER Report"). A power point presentation of the report was made on September 22, 2009.

by their potential to impact capacity resource dispatch and uses a formula to relate and measure the potential impact of those components.

The NYSRC was formed and approved by an order issued by the Commission in 1998,² and subsequent Commission orders,³ as part of the restructuring of the electricity market in New York State and the formation of the New York Independent System Operator (“NYISO”). In its orders, the Commission approved the NYSRC agreement among the members of the New York Power Pool (“NYPP”), which established the NYSRC and described its responsibilities, and the NYISO/NYSRC agreement between the NYISO and the NYSRC, which established the relationship between the NYISO and the NYSRC and their respective responsibilities. The NYSRC is the successor to some of the functions of the NYPP.

The NYSRC’s primary responsibilities include the development of reliability rules that must be complied with by the NYISO in its operation of New York State’s bulk power system, and by the NYISO’s market participants. The NYSRC is also responsible for determining the annual installed reserve requirement necessary to meet resource adequacy criteria for the New York control area.

II. Communications

The names, titles, mailing addresses, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

² *Cent. Hudson Gas & Elec. Corp. et al.*, 83 FERC ¶ 61,352 (1998), *order on reh’g*, 87 FERC ¶ 61,135 (1999).

³ *Cent. Hudson Gas & Elec. Corp et al.*, 86 FERC ¶ 61,062 (1999); *Cent. Hudson Gas & Elec. Corp. et al.*, 87 FERC ¶ 61,135 (1999); *Cent. Hudson Gas & Elec. Corp. et al.*, 88 FERC ¶ 61,138 (1999).

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III. Comments

A. Importance of Developing an Effective and Balanced Methodology for Defining Bulk Power System Facilities

The NYSRC commends the Commission for supporting the preparation of the Bulk Power System (“BPS”) TIER Report, and its interest in the development of an effective methodology for the identification of BPS facilities. The NYSRC believes it is important that the BPS methodology identify all facilities that have a meaningful impact on the reliability of the BPS to ensure that they are subject to appropriate reliability standards. On the other hand, it is also important that the methodology be designed so as not to include facilities that do not have a significant impact on the reliability of the BPS, which would result in a waste of the limited resources and defuse the focus on the facilities that do have a significant impact on the reliability of the BPS.

The NYSRC agrees with and supports a basic conclusion in the TIER Report that: “The overlap in TIER values, between voltage levels, weighs against exclusive use of voltage level as

the distinguishing metric in identifying BPS.”⁴ For that reason, the NYSRC continues to support the development of a performance-based BPS identification methodology, rather than a simple-bright line definition of BPS facilities based on voltage levels.

B. TIER Methodology

While the NYSRC agrees with the basic conclusion in the TIER Report that a simple voltage-based definition of BPS facilities is not justified, we do not believe that the TIER approach provides a sufficient basis for defining BPS facilities. The TIER methodology ranks system branch elements using an objective function based on a component of production cost. The TIER methodology uses only topography and susceptances. Constraining one line at a time, it calculates the relative impact of each constraint on the incremental congestion component of locational prices for all busses. In order to establish a single rank value for each line, the TIER approach reduces the relative impact on all busses to a single TIER number. However, the single TIER ranking number for an element depends on the selection of the busses used to develop it.

The TIER methodology uses as input, system topology and susceptances, assumes all lines in service, and determines the impact of constraining the flow of one line at a time on incremental congestion to simulate system reliability. However, BPS system reliability is a function of voltage, stability and thermal constraints which are dependent on a range of system conditions and contingencies (design, extreme, BPS and N-1-1 contingencies). The NYSRC’s fundamental concern with the TIER methodology is that, while it attempts to simulate the reliability of the BPS, it does not directly assess the basic components of reliability - voltage, stability and thermal constraints - and does not involve performance testing on a facility’s impact

⁴ TIER Report at 8.

on these basic reliability components over a range of system conditions and contingencies. The NYSRC submits that it is important for the methodology used to identify BPS facilities to directly assess the impact of a facility on the basic components of reliability under system conditions and contingencies, rather than attempting to measure reliability impacts indirectly through the assessment of an attempted simulation of reliability.

C. Performance - Based Methodology

The NYSRC supports the development of a methodology for defining BPS facilities that is performance-based and directly related to the fundamental components of BPS reliability. In its joint filing with NERC filed with the Commission on September 21, 2009⁵, the Northeast Power Coordinating Council (“NPCC”) stated that it “continues to believe that its impact-based approach documented in the A-10 Criteria document provides an adequate level of reliability assurance on those elements that affect the reliability of the international, interconnected system in the Northeast by identifying those elements that could cause widespread outages.”⁶ NPCC also states that “application of the developed BES [(Bulk Electric System)] bright-line definition within NPCC would increase the number of facilities for which NERC compliance would be required, resulting in economic and resource impacts without identified increases in the overall reliability of the NPCC international, interconnected power system.”⁷ The NYSRC agrees with these assessments by NPCC. The NYSRC also agrees with the conclusion of Canadian members

⁵ *North American Reliability Corp. et al.*, Compliance Filing and Assessment of Bulk Electric System Definition Report in Response to the December 18, 2008 Commission Order, Docket No. RC09-3-000 (Sep. 21, 2009) (“NPCC Filing”).

⁶ NPCC Filing at 7.

⁷ NPCC Filing at 8.

of NPCC that adoption of a bright-line test “would result in diverting funds and key expert resources from other higher value reliability projects and activities.”⁸

We urge the Commission, therefore, not to order the adoption of a bright-line voltage-based definition of BPS facilities, but to continue to allow the use of performance-based methodologies, such as the A-10 criteria developed by NPCC. The NPCC did recognize that its A-10 criteria needed to have tighter simulation requirements in the identification of BPS facilities. An enhanced version of A-10 has recently been circulated for approval that may result in the identification of additional bulk electric system elements. The NYSRC believes that the A-10 methodology in addition to the NPCC-CGS-002, the new NPCC Compliance Guidance Statement, “Defining Generator Materiality for Registration” is an effective method for identifying the facilities that affect the reliability of the BPS.

IV. Conclusion

The NYSRC respectfully requests that the Commission consider the foregoing comments in its consideration of methodologies to effectively identify the facilities that affect the reliability of the BPS and should be included in the definition of BPS facilities.

Respectfully submitted,

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⁸ NPCC Filing at 13.

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Dated: October 28, 2009