

**NEW YORK STATE  
RELIABILITY  
COUNCIL**

*2005 Reliability  
Compliance Program*

*Prepared by the  
Reliability Compliance  
Monitoring Subcommittee*

*Final Report  
February 10, 2006*



# NYSRC 2005 RELIABILITY COMPLIANCE PROGRAM

## Introduction

The New York State Reliability Council (NYSRC) Reliability Compliance Program is designed to measure and ensure compliance with NYSRC New York-Specific Reliability Rules in order to provide for a reliable bulk electric supply and delivery system in New York State. The NYSRC Reliability Compliance Monitoring Subcommittee (RCMS) manages the compliance program, which includes conducting reviews to ensure that all users of the New York State Bulk Power System, including the New York Independent System Operator (NYISO) and New York Market Participants, comply with the NYSRC Reliability Rules. The objective of the compliance program is to encourage compliance to the NYSRC Reliability Rules necessary to preserve the reliability of the New York Control Area. This report presents the highlights of results of the 2005 NYSRC Reliability Compliance Program.

Compliance with the NYSRC New York-Reliability Rules is reviewed and evaluated in accordance with NYSRC Policy 4, *Procedure for Monitoring Compliance with the NYSRC Reliability Rules*. Policy 4 was updated during 2005 to reflect a new NYSRC policy on NYISO compliance with the Reliability Rules that is described later in this report. A major reference document for the compliance monitoring process is the NYSRC Compliance Template Manual. This manual is updated as new and modified Reliability Rules and Measurements are adopted. The Compliance Template Manual includes a compliance template for each Measurement. These templates cover reporting and compliance monitoring responsibilities, reporting frequencies, and statements of requirements for full compliance and levels of non-compliance. The Compliance Template Manual also describes the types of non-compliance notification letters that must be issued for various levels of non-compliance.

Each year's Reliability Compliance Program includes compliance review of a portion of NYSRC Measurements. Factors used for selecting the group of Measurements to be reviewed each year include: (1) Measurements that require annual or monthly review, (2) Measurements that have not been reviewed in the past three years, (3) Measurements that have been adopted or modified over the previous year, and (4) Measurements that were found in non-compliance during the previous year or if other issues associated with NYISO compliance require a follow-up review.

In addition to managing the 2005 Reliability Compliance Program, RCMS continued an assessment begun during 2004 to determine whether the NYISO and the Market Participants were in full compliance with existing NYSRC Reliability Rules and NPCC and NERC standards prior to and during the August 14, 2003 Blackout. This report includes the results of that assessment.

## 2005 Compliance Program Measurements

The following table shows that in 2005, compliance was reviewed by RCMS for 12 of the NYSRC measurements having NYISO reporting responsibility. In addition, a total of 11 measurements having Market Participant reporting responsibility were monitored by the NYISO in 2005. A summary table is attached showing an overview of the NYSRC 2005 Reliability Compliance Program, including the measurements assessed, milestone dates, and compliance results.

Compliance Responsibility	Total NYSRC Measurements	Measurements in 2005 Compliance Program	Measurements Fully Compliant in 2005 Compliance Program
NYISO	47	12	12
Market Participants	11	11	11
Total	58	23	23

The above table shows that the NYISO and Market Participants were in full compliance with all measurements that were assessed in 2005.

### Highlights from the 2005 Compliance Program

Although the NYISO was found in full compliance with all of the measurements that were reviewed for compliance, issues were raised during compliance reviews of Measurements A-M2 and C-M4, as follows:

1. During its compliance review in March 2005 of **Measurement A-M2**, *Establishing LSE ICAP Requirements*, RCMS noted that the methodology the NYISO used to establish NYC and LI locational capacity requirements for the 2005-06 period was different than the methodology utilized by ICS for establishing IRM requirements for the same capability period. As a result, the two studies produced inconsistent results. Because RCMS was concerned about the reliability implications of these methodology differences, RCMS strongly urged ICS and the NYISO staff to work together to develop a joint study methodology. A joint effort by ICS and the NYISO during the spring of 2005 succeeded in producing a joint or *Unified Methodology* which was approved by the Executive Committee in June 2005.
2. The NYSRC 2004 Reliability Compliance Program report, issued on March 1, 2005, stated that the NYISO had discovered that generating unit resource availability data that had been submitted to the NYISO by Resource Providers, as required by **Measurement C-M4**, *Procedures for Reporting Resource Availability Data*, was overstated in many cases. To correct for this capacity

overstatement, the MARS model that ICS uses to establish 2005-06 IRM requirements included a DMNC derate adjustment of 711 MW. In addition, outage reporting procedures did not require reporting of transmission outages that impact generation availability. As a result, the NYISO was requested by RCMS to enhance its efforts to mitigate these concerns. During 2005 the NYISO undertook several initiatives to avoid overstatement of resource capacity. These included modification of GADS collection software, expanding education efforts, expanding the number of audits, and increased application of sanctions and letters of non-compliance. As a result of these mitigation efforts, capacity overstatement has been greatly reduced. This improved availability data reporting permitted a reduction of the DMNC derate adjustment, from 711 MW used for the 2005-06 IRM Study, to only 125 MW in the recent 2006-07 IRM Study.

### **NYISO Responsibility for Market Participant Compliance with the NYSRC Reliability Rules**

In accordance with the NYISO/NYSRC Agreement, the NYSRC Reliability Rules must be complied with by the NYISO and all Market Participants engaged in transactions in the NYS Power System. During 2005 these compliance responsibilities were clarified in a new NYSRC policy requiring the NYISO to be responsible for compliance with all NYSRC Reliability Rules, including those identified in the NYSRC Rules as requiring actions by Market Participants. Under this new policy the NYISO has the responsibility of ensuring Market Participant compliance through its procedures and tariffs.

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To implement this new compliance policy, the NYSRC initiated a program in 2005 whereby compliance requirements stated in new and existing rules specify that the NYISO shall certify that Reliability Rules requiring actions by Market Participants have been fully complied with. If not, the NYISO could be found in non-compliance. Accordingly, starting in 2005, all new NYSRC Measurements and Compliance Templates, were prepared to recognize this policy. In addition, compliance requirements of existing Measurements and Compliance Templates are in the process of being revised to also reflect NYISO responsibility for Market Participant compliance with the Reliability Rules. It is anticipated that by early 2006 the compliance requirements of all Reliability Rules will have been revised to reflect this compliance policy.

### **NYISO Compliance with Reliability Rules during the 2003 Blackout**

In November 2003 the NYSRC requested the NYISO to conduct a self-assessment analyzing whether or not the NYISO was in full compliance with existing NYSRC Reliability Rules and NPCC and NERC Standards during the events prior to and during the August 14, 2003 Blackout. In 2004 the NYISO issued a self-assessment which concluded that it had been in compliance with these rules and standards. Upon review of the NYISO report, in December 2004 RCMS requested the NYISO to furnish supplemental information to further support this NYISO conclusion. This supplemental

material was provided to the NYSRC during 2005. Following its review of this additional information, RCMS confirmed that NYISO operations were in full compliance with all NYSRC, NPCC, and NERC reliability rules prior to and during the restoration of the New York Transmission System during the 2003 Blackout.

### 2005 NPCC and NERC Reliability Compliance Programs

In addition to complying with NYSRC Rules, the NYISO must also comply with all NPCC and NERC Standards. RCMS has oversight responsibility concerning NYISO compliance with these NPCC and NERC criteria. During 2005, NPCC reviewed NYISO compliance relative to 21 NPCC and 38 NERC Standards that were included in the 2005 NPCC and NERC Reliability Compliance Programs. NPCC concluded that the NYISO was in full compliance with all 59 of standards included in the 2005 NPCC and NERC reliability assessments.

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### Conclusions

The following is a listing of the conclusions reached by RCMS based on its experiences with the 2005 Reliability Compliance Program:

1. As in past years, the NYISO staff provided valued assistance during the RCMS compliance review process.
2. Concerns addressed during the 2004 compliance review process relating to resource availability data issues continued during the 2005 compliance review process. The accuracy and timeliness of this data is critical to NYISO planning and operating studies, as well as to NYSRC IRM requirement studies. Although the NYISO has greatly improved its data reporting requirements, more work needs to be done. RCMS has urged the NYISO to continue its efforts to mitigate the overstatement of resource capacity. RRS has prepared a modification of Measurement C-M5 to require reporting of accurate resource availability data on a timely basis.
3. The NYSRC is pleased that for the second year in a row, the NYISO and Market Participants were found to be in full compliance with all NYSRC Rules that were assessed in the 2005 NYSRC Reliability Compliance Program, as well as with all NPCC and NERC standards that were assessed in the 2005 NPCC Reliability Compliance Program. In addition, RCMS re-confirmed, after receiving additional information from the NYISO, that the NYISO was in full compliance with all NYSRC, NPCC, and NERC Reliability Rules prior to and during the August 2003 Blackout.
4. During 2005 the Executive Committee adopted 10 new and modified Measurements. Beginning in late 2005, implementation plans were made part of

the proposed reliability rule template. They cover when the new or modified Measurements will become effective and when initial compliance documentation will be required. The 2006 Reliability Compliance Program will include all 2005 new and modified Measurements.

5. As shown on the attached 2005 Reliability Compliance Program Summary, compliance documentation was overdue for the majority of compliance assessments. In certain cases, compliance reports were close to 30 days overdue, which would have triggered Level 1 non-compliance. As a result of these delays, RCMS compliance reviews had to be delayed. RCMS is working with the NYISO staff to improve performance of compliance documentation in 2006.

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**2005 NYSRC RELIABILITY COMPLIANCE PROGRAM**

<b>MEAS./ COMP. TEMP.</b>	<b>RELATED RULE</b>	<b>MEASUREMENT DESCRIPTION</b>	<b>COMPLIANCE DOC. REQUIRED<sup>1</sup></b>	<b>DUE NYSRC</b>	<b>DATE RECV'D.</b>	<b>DATE OF RCMS REVIEW</b>	<b>COMP. LEVEL<sup>2</sup></b>
<b><i>NYISO Assessments</i></b>							
<b>Resource Adequacy</b>							
A-M2	A-R2,3	Establishing LSE ICAP requirements	A	3/1/05	3/10/05	3/10/05	FC <sup>1</sup>
A-M4	A-R2	Reporting LSE ICAP deficiencies		As Required	12/22/05	1/22/06	7
<b>Transmission Capability – Planning</b>							
B-M4	B-R6	List of NYS Bulk Power System Facilities	B	12/1/05	12/22/05	1/12/06	8
<b>Resource, System &amp; Demand Data Requirements</b>							
C-M4	C-R2	Procedures for reporting resource availability data	C	5/1/05	6/9/05	6/9/05, 10/13/05	FC <sup>5</sup>
C-M9	C-R4	Procedure for maintenance of load flow, short-circuit, and stability data bases	D	5/1/05	6/9/05	6/9/05	FC
C-M10	C-R4	Load flow, short-circuit, and stability data bases	E	5/1/05	6/9/05	6/9/05	FC
<b>Transmission Capability - Operating</b>							
E-M6	E-R8	Pre-seasonal fault duty assessments	F	7/1/05	7/7/05	8/11/05	FC
<b>Local Rules</b>							
I-M1	I-R1,3,4	NYISO requirements for NYC Local Rules 1,3, & 4	G	9/1/05	9/7/05	9/7/05	FC <sup>6</sup>
I-M2	I-R3	NYISO requirements for LI Local Rule 3	G	9/1/05	9/7/05	9/7/05	FC <sup>6</sup>
I-M3	I-R2	Procedure for maintaining NYC locational reserves	H	9/1/05	9/7/05	9/7/05	FC <sup>6</sup>

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<b>Reliability Assessment</b>							
K-M2a	K-R2	Annual transmission assessment	I	1/1/05	1/12/05	1/12/05	FC
K-M2b	K-R2	Annual resource adequacy assessment	J	6/1/05	6/9/05	7/7/05	FC
K-M2d	K-R2	Monthly operating report		Monthly	1/12/06 <sup>3</sup>	1/12/06 <sup>3</sup>	FC <sup>3</sup>

### *Market Participant Requirements*

<b>Resource Adequacy</b>							
A-M3	A-R2, 3	Certifying LSE ICAP obligations are met (LSEs)		12/01/05	12/22/05	1/12/06	FC
<b>Resource, System &amp; Demand Data Requirements</b>							
C-M2	C-R1	Reporting resource capacity test results (ICAP Providers)		12/01/05	12/22/05	1/12/06	FC
C-M3	C-R1	Reporting generator reactive power capacity test results (GOs)		12/01/05	12/22/05	1/12/06	FC
C-M5	C-R2	Resource availability data reporting (ICAP Providers)		12/01/05	12/22/05	1/12/06	FC <sup>9</sup>
C-M11	C-R4	Providing load flow, short circuit and stability data to the NYISO (TOs & other designated MPs)		12/01/05	12/22/05	1/12/06	FC
<b>Transmission Capability - Operating</b>							
E-M7	E-R8	Evaluating assessment for a location that the NYISO has determined fault duty levels may be exceeded (Equipment Owners)		12/01/05	12/22/05	1/12/06	FC
<b>Operation During Major Emergencies</b>							
F-M4	F-R8	TO load shedding capability (TOs)		12/01/05	12/22/05	1/12/06	FC



MEAS./ COMP. TEMP.	RELATED RULE	MEASUREMENT DESCRIPTION	COMPLIANCE DOC. REQUIRED <sup>1</sup>	DUE NYSRC	DATE RECV'D.	DATE OF RCMS REVIEW	COMP. LEVEL <sup>2</sup>
<b>System Restoration</b>							
G-M2	G-R1	Transmission owner blackstart and operation procedure (TOs)		12/01/05	12/22/05	1/12/06	FC
G-M3	G-R2	Blackstart generator startup and operation demonstration (GOs)		12/01/05	12/22/05	1/12/06	FC
<b>Local Reliability Rules</b>							
I-M5	I-R1, 3, 4	Con Edison procedures for Local Rules 1, 3, and 4		12/01/05	12/22/05	1/12/06	FC
I-M6	I-R3	LIPA procedures for Local Rule 3		12/01/05	12/22/05	1/12/06	FC

**Footnotes:**

- 1 NYISO Compliance Documentation Requirements:
  - A. The Locational Capacity Requirement Report for the 2005 summer period. Either included in the report or in a supplement report, additional documentation should be provided (1) on how the analysis covered in the locational capacity requirement study considered intra-zonal transmission capacities (bottled generation), and (2) 2005 LSE capacity and IRM requirements so as to meet the 2005 NYCA IRM requirement of 18.0%.
  - B. NYISO procedure for developing a list of NYS Bulk Power System facilities and the facilities list. If this information is not available provide a status report, including an estimate of when these requirements expect to be met.
  - C. NYISO procedure for reporting generation availability data. We expect that this procedure will have been enhanced to include reporting of transmission outages that impact generation availability; improved reporting requirements for ensuring that ICAP providers submit more accurate availability data to the NYISO, recognizing recent NYISO audit results; and measures to check the accuracy of availability data received by the NYISO. Also, provide a statement stating how the NYISO is tightening up DMNC testing procedures in accordance with the NYISO report dated 8/13/04, "Adjusting for the Current Overstatement of Resource Availability in Resource Adequacy Studies."
  - D. Certification that NYISO procedures for developing and maintaining planning and operating load flow, short circuit, and stability data requirements are met. Include references as to where NYISO procedures, including related NPCC and NERC procedures, can be located.
  - E. Certification that the required planning and operating data bases have been developed and maintained, and references as to where these data bases reside.
  - F. Report covering an annual pre-seasonal 2005 assessment evaluating fault duty at each BPS station. If the report shows that fault duty levels exceed equipment ratings, mitigation plans, jointly approved by the NYISO and equipment owners, should be reported to the NYSRC by 12/1/05.

- G. NYISO procedures requiring Con Edison and LIPA to operate their systems in accordance with Local Rules I-R1, I-R3, and I-R4. The NYISO should also report any cases for which it reviewed and approved Con Edison and LIPA updated procedures, and required studies associated with these requirements, over the previous 12 months.
  - H. NYISO procedures for ensuring 10 min. reserves in NYC in accordance with Rule I-R2.
  - I. Annual NYCA Transmission Assessment Report. Include in this report the results of a NYCA fault duty assessment in accordance with B-M1.
  - J. NYCA resource adequacy assessment for the 2005 to 2007 period providing similar information as in the 2004 assessment. Also provide the most recent NYCA resource adequacy report that has been submitted to NPCC.
- 2 FC – Full Compliance
- L1 - Non-Compliance Level 1
  - In a memo dated 12/19/05 L2 – Non-Compliance Level 2
  - L3 – Non-Compliance Level 3
  - L4 – Non-Compliance Level 4
- 3 This information is for the November and December 2005 operating reports. All previous monthly reports were found in full compliance.
- 4 RCMS delayed compliance action until a report was received from ICS and the NYISO which included: (1) description of a consistent methodology for conducting IRM and Locational Capacity Requirement studies, to be developed by ICS and the NYISO; and (2) an reliability analysis showing Reliability Rule R-1 is met for 2005 using this new methodology, i.e., an NYCA IRM of 17.6% with a NYC LCR of 80% meets the NYSRC 0.1 days/yr. LOLE criterion. Refer to a letter from G. Loehr to the Executive Committee, dated March 10, 2005. On July 7, 2005 it was reported that these requirements have been met.
- 5 Compliance action delayed pending receipt and review of NYISO report covering overstatement of NYCA resource capacity, to be used as the basis for NYCA 2006-07 IRM requirement study assumptions. This report should describe how the NYISO is tightening up generating unit availability reporting procedures (see Footnote C.) Documentation for meeting this requirement was included in the NYISO report, “Adjusting for the Overstatement of Resource Availability in Resource Adequacy Studies”, dated 9/6/05. This report was approved by ICS.
- 6 Although NYISO Tech Bulletin 111 covers these requirements, the NYSRC strongly encourages the NYISO to place local rule requirements and procedures in an Operating Manual.
- 7 In a memo dated 12/19/05 the NYISO certified that all LSEs met their minimum capacity requirements for the 2005 Summer Capability Period.
- 8 In a memo dated 12/15/05 the NYISO provided a status report on its preparation of a list of NYS BSP facilities. Completion of this list is tied into the development of the NPCC A-10 criteria document. A pilot program is under development to determine the appropriateness of the A-10 methodology and its impact on initial NPCC Area BPS facility lists.
- 9 The NYISO reported in a memo dated 12/19/05 that it has found all Resource Providers in full compliance with Measurement C-M5 requirements. Although RCMS accepts the NYISO conclusion that all Resource Providers met NYISO procedures and schedules in accordance with this Measurement, it notes that the NYISO has separately reported that there are issues concerning the *accuracy* of outage date provided by Resource Providers (see footnote 5 with a reference to an NYISO report on the subject). Further, there is no

indication from the NYISO as to non-compliance letters or sanctions (as permitted by NYISO Tariffs) imposed by the NYISO for overstatement of generating unit availability in 2005. Measurement C-M5 is presently being modified to require that outage data provided to the NYISO be reported on an accurate and timely basis.