



NPCC 2005 Year In Review

NPCC

Vision:

- An electric industry in the Northeast that has the trust and confidence of the public
- A bulk power system that is designed, operated, and maintained in accordance with continent-wide reliability standards and regional reliability criteria that demonstrably meets the specific needs of the Northeast
- A compliance enforcement program that is open, fair, utilizes market mechanisms, as appropriate, and is backstopped by applicable regulatory authorities

Inside:

NERC Drafts ERO Application	2
Future Role of the Regions	2
NPCC Proposed Reliability Structure	2
Blackout 2003 Follow-up	3
Pre-Seasonal Reliability Forum	3
NPCC Compliance Program	3
NPCC General Meeting	4

President Signs Energy Policy Act

On August 8, 2005, President Bush signed *The Energy Policy Act of 2005* into law, authorizing the creation of a single Electric Reliability Organization (ERO) that is envisioned to span North America, with FERC oversight in the United States.

The legislation respects the international character of the North American electric transmission system by ensuring that Canadian and Mexican interests in the reliability of the interconnected North American electric grid are fully recog-



White House photo by Eric Draper

nized. The provisions of the legislation, when taken as a whole, clearly define a reliability structure based upon a balanced relationship among Federal, State, and local reliability authorities.

The ERO, acting through

delegated Regional Entities, has the primary responsibility for assuring grid reliability through the development and enforcement of continent wide bulk power system standards that are just, reasonable, not discriminatory or preferential, and in the public interest.

State and local authorities continue to have primary responsibility for adequacy and determining and mandating local and regional reliability criteria.

FERC proposes ERO Rules

On September 1, 2005, the Federal Energy Regulatory Commission (FERC) proposed rules for the establishment of an Electric Reliability Organization.

NPCC participated in the technical conferences held

by FERC in 2005 addressing establishment of electric reliability standards, the States and Provinces role in reliability, and issues related to compliance and enforcement of standards.

NPCC has also filed comments in response to the FERC NOPR on the reliability portions of the Energy Act and the formation of an ERO.



Current Reliability Structure

"Regional Council functions provide a comprehensive base for regional reliability."



New reliability structure must recognize the Regional Councils and the ERO as peer organizations

NERC Drafts ERO Application

NERC formed a Post-Legislation Steering Committee to guide it in its application to become the ERO and related implementation activities.

Four Task Groups were formed in 2005. NPCC provided the Northeast perspective by participation in the membership, funding, regional delega-

tion agreements and compliance penalties and sanctions Task Groups.

NERC has posted for industry comment its draft application to be certified as the ERO authorized by *The Energy Policy Act of 2005*.

NERC plans to file its formal application in March 2006, within 60

days after FERC issues its final rule establishing the requirements of the ERO.

Future Role of the Regions

The NERC Regional Managers Committee concluded its follow-up to an examination of the future role of Regional Reliability Councils (RRC), noting that the development of regionally-specific reliability criteria, coordination of planning and operations,

assessment of reliability, compliance monitoring and enforcement, among other members services were necessary reliability assurance functions and services.

In addition, with the added delegation of Regional Entities, RRCs would also perform the

vital task of coordinating and combining State and Provincial regulatory-backed compliance responsibility with the US Federal delegated authority for mandatory enforcement of continent-wide standards.

NPCC Proposed Reliability Structure

NPCC's Chairman, Charles Durkin Jr., outlined a new reliability structure at the 2005 NPCC General Meeting. "The new reliability structure must build upon the present framework, incorporating Federal and State authorities

embodied in the legislation, providing for Canadian participation at both the Provincial and Federal level, balancing continental and regional electric reliability.

A structure that recognizes the Regional Reli-

ability Councils and the ERO as peer organizations — each with clear, non-duplicative responsibilities—provides the greatest likelihood of success."

Blackout 2003 Follow-up

All NERC and US—Canada System Outage Task Force blackout recommendations related to NPCC operations were addressed and completed in 2005.

In addition, several NPCC reports were approved in 2005 related to the 2003 Blackout:

- NPCC evaluation of Zone 3 relay operation;

- Assessment of the applicability of undervoltage loadshedding;
- Regional Reactive Power & Voltage Control Practices;
- Whitepaper on limiting propagation of cascading failures; and,
- the NPCC August 14, 2003 Northeast Blackout Study Final Report.

An NPCC Blackout Study Recommendations Working Group was formed to review

the conclusions in these reports, in order to coordinate any NPCC follow-up efforts.

NPCC also enhanced its monthly blackout tracking system to incorporate recommendations from the US – Canadian System Outage Task Force Final Report, the NERC Board, and NERC Committees.

"NPCC conducted both Summer and Winter Pre-Seasonal Reliability Assessments in 2005."

Pre-Seasonal Reliability Forum

A Pre-Seasonal Reliability Forum was conducted together with a NERC Reliability Assessment Subcommittee audit of the methodologies used by NPCC in its reliability assessments.

The forum included participation by PJM and ECAR.

The NPCC Task Force on Coordination of Planning participated in the audit, which focused on procedures to assess resource adequacy and determine demand and energy forecasts, transmission security analyses, electric/gas interdependency and coordination, reliability im-

pacts of extreme weather and temperature, and reliability impacts of environmental and regulatory programs.

In addition, NPCC summer and winter security and multi-Area probabilistic reliability assessments were conducted in 2005.

NPCC Compliance Program

The NERC Compliance and Certification Committee concluded a successful audit of the NPCC Compliance Program in 2005. NERC conducted a thorough review of the NPCC program, including its objectivity and effectiveness utilizing the Area compliance activities. Area

quarterly and annual compliance reports were reviewed.

In addition, the NERC Board's Compliance Committee also reviewed NPCC's program from a policy perspective.

NPCC included implementation of the NERC Version "O"

standards in its 2005 NPCC Compliance Program, and also incorporated the NERC Reporting and Disclosure Guidelines.

Comprehensive compliance reviews of both the New York and Ontario Areas were completed in 2005.



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NPCC establishes the processes that assure the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through development and enforcement of regionally-specific criteria that are not inconsistent with NERC broad-based continent-wide reliability standards.

NPCC coordinates system planning, design and operations, assesses reliability, and monitors and enforces mandatory compliance with regional reliability criteria. NPCC, to the extent possible, facilitates attainment of fair, effective and efficient competitive electric markets.



NPCC 2005 General Meeting

The NPCC 2005 General Meeting was held at the Cranwell Resort in Lenox, MA on September 28-29. This year's theme, "Blueprint for Reliability" focused discussion on the future reliability structure with respect to *The Energy Policy Act of 2005*.

Following remarks by NPCC's Chairman, Charles Durkin, Jr. and Rick Sergel, President and CEO of NERC, Dr. Jan Carr, CEO of the Ontario Power Authority outlined his organizations responsibilities and mission. A regulatory roundtable gave participants an opportunity to discuss future plans for

reliability from a State and Provincial regulatory perspective.



NERC's President and CEO Rick Sergel and NPCC's Chairman, Charles Durkin, Jr.

The Honorable Paul Afonso, Chairman of the MA Department of Telecommunications and Energy addressed the energy concerns and reliability challenges facing New England.

Sessions the following day centered on infrastructure reliability and future reliability initiatives.

Tom Kiley, President of the Northeast Gas Association provided an overview of gas supply for the Northeast this winter in the wake of Hurricanes Katrina and Rita.