



2007 Year in Review



NPCC Restructuring Activities

In 2007, with the clear definitions of statutory and non-statutory in place and FERC rulings which allow for divisional separation within regional entities, the Northeast Power Coordinating Council, Inc. developed a plan of merger to combine with its independent affiliate corporation; Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (NPCC CBRE) which had been created as a fluid interim step in restructuring.

On August 1, 2007, following approvals from the New York State (NYS) Department of State, the NYS Attorney General, the NYS Supreme Court and associated governmental approvals and consents, NPCC assumed the NPCC CBRE delegated authorities and incorporated the necessary changes into

a revised regional delegation agreement to be executed between NERC and NPCC.

The resultant Northeast Power Coordinating Council, Inc. (to be referred to as "NPCC") provides the statutory functions and services for Northeastern North America of a cross-border regional entity through a regional entity division, as well as non-statutory criteria services for Northeastern North America through a criteria services division. This divisional separation allows for distinct funding with regard to activities determined to be statutory and in the furtherance of NERC's mission and for criteria services particular and essential to reliability in Northeastern North America.

The merged NPCC, through its regional entity division acts to

enhance the reliability of the international, interconnected bulk power system in Northeastern North America through the development of regional reliability standards, coordination of system planning, design and operations, assessment of reliability, and compliance assessment and enforcement of reliability standards.

Through its criteria services division, NPCC promotes the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria.

Regulatory Summary

On March 16, 2007 FERC approved 83 reliability standards as mandatory for all users, owners and operators of the interconnected bulk power systems in the United States of America.

The approved standards became effective for enforcement purposes in the U.S. on June 18, 2007. NERC standards are already mandatory and enforceable in the provinces of Ontario and New Brunswick in the NPCC region. The Provinces of Québec and Nova Scotia continued drafting Memoranda of Understanding with regard to compliance and enforcement consistent with Provincial laws.

The NPCC region has completed its submission to the NERC compliance registry identifying the users, owners, and operators of the international, interconnected bulk power system in Northeastern North America.

The Northeast Power Coordinating Council: Cross-Border Regional Entity (NPCC CBRE) was recognized as the regional entity for Northeastern North America through the FERC April 19, 2007 approval of the NERC Uniform Compliance Monitoring and Enforcement Program and the delegation agreements NERC had proposed with the

eight regional entities in North America.

Under authority delegated by NERC, through the delegation agreement, the cross-border regional entity has the primary responsibility for the day-to-day compliance monitoring and enforcement of reliability standards that became effective June 18, 2007. Upon approval of the August 1, 2007 merger, NPCC assumed the CBRE delegated authorities and incorporated the necessary changes into a revised regional delegation agreement to be executed between NERC and NPCC.

Inside:

<i>Reliability Assessments Completed</i>	2
<i>Reliability Requirements Directories Created</i>	2
<i>Compliance Monitoring & Enforcement Data Program Implemented</i>	2
<i>Operator Training Seminars Held</i>	3
<i>Reliability Readiness Evaluations Conducted</i>	3
<i>NPCC Compliance Registry Process Improved</i>	3
<i>NPCC Description & Background</i>	4
<i>2007 General Meeting Summary</i>	4

Reliability Assessments Completed

NPCC released its Summer 2007 reliability assessments at a media teleconference May 3, 2007.

The results of the comprehensive reliability assessments projected that New England, New York, Ontario, Québec and the Canadian Maritime Provinces had sufficient supplies of electricity for both typical and extreme summer weather conditions with the availability of existing and planned facilities.

Eleven reporters asked 16 questions over the course of the call. Over 100 news agencies were notified of the event; many downloaded the assessment summary report from the NPCC web site for their related stories.

During the NPCC forecast peak load period, the overall spare operable capacity (capacity over and above reserve requirements) for NPCC was estimated to be approximately 8,110 MW, after accounting for transmission constraints. The sizable spare operable capacity margin forecasted indicated that sufficient resources would be available to reliably respond if unexpected conditions occurred.

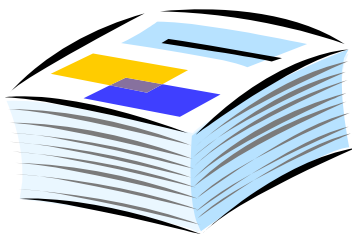
The corresponding Winter 2007-2008 reliability assessments included increased emphasis on transfer capabilities and on the additions of wind power generation.

NPCC Under Frequency Load

Shedding (UFLS) Program Adequacy Assessment Report was completed, with recommendations for additional follow-up analysis. The NPCC Governor Survey was also completed and provided the data necessary to complete follow-up work on the UFLS Assessment.

The NPCC report on the Review of the Protection System Beyond Zone 3 was submitted to NERC in March 2007.

The NPCC Interconnection Assistance Reliability Benefit Analysis was updated, covering the time period 2007 – 2009, including an addendum extending the analysis through to 2011.



NPCC Reliability Requirements Directory #7, Special Protection System (SPS) achieved NPCC Full Member approval in 2007.

The objective of the Reliability Requirements Directories activity is to take the mandatory NERC standards and associate them with the more stringent NPCC criteria requirements, in order to have one set of expectations regarding reliability compliance requirements in the Northeast.

In addition, the existing NPCC guidelines and the procedures will also be included into the Reliability Requirements Directories documentation, so that

the explanation of the “how and why” is also included along with the listing of statutory requirements that NERC has within its standards.

The Reliability Requirements Directory document structure attempts to accomplish a number of objectives, including:

- Consolidating all the NPCC “B” and “C” documents related to the parent “A” criteria Document’s topic;
- Bringing in the NERC and
- any applicable Regional Reliability Standard Requirements into the document;
- Identifying any more stringent NPCC Regional Criteria;
- Easing future compliance determinations; and,
- Clarifying and simplifying cross-reference “mapping” between NPCC Documentation and NERC Standards Requirements.

Compliance Monitoring & Enforcement Data Program Implemented



The CDAA fully automates the reporting, monitoring and assessment of the compliance requirements of the comprehensive NPCC Compliance Program.

The installation and use of the NPCC Compliance Monitoring & Enforcement Program Data Administration Application, (CDAA) in conjunction with the existing on-line system used for the NPCC Criteria requirements associated with the Regional Compliance & Enforcement Program fully automates the reporting, monitoring and assessment of the compliance requirements of the comprehensive NPCC Compliance Program.

During 2007 numerous enhancements were made to the CDAA, including introduction of reporting by Registered Entity, and development of a compliance report forms engine. Many of these enhancements were in response to user feedback and staff recommendations. User feedback to the CDAA was obtained from a number of venues, including questions and recommendations received during a series of 12 staff conducted in-house training sessions held

during late May and June and the CDAA User’s Group meeting held as part of the November NPCC Compliance Program Workshop.

NPCC has shared its experiences with other Regions regarding its implementation of the CDAA in an effort to demonstrate its capabilities and the advantages of the use of a common compliance reporting tool.

Operator Training Seminars Held

NPCC establishes and coordinates programs for system operator training relating to inter-Area matters, criteria, terminology, policies and operating instructions. It develops training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, internal training methods and techniques are exchanged, the implementation of NPCC policies are discussed, significant disturbances are reviewed for lessons to be learned and "table-top" drills and event simulations are conducted to replicate selected operational problems.

The 59th NPCC System Operator Seminar was held on May 2

and 3, 2007 and had over 50 attendees, including system operators and schedulers from the NPCC Areas.

The seminar content included a tabletop restoration exercise for which each seminar attendee accrued 2.5 Continuing Education Hours from NERC. The tabletop restoration exercise prepared for the May seminar had been structured by the NPCC CO-2 Working Group on System Operator Training to permit its incorporation into the CEH training of each Area.

The 60th NPCC System Operator Seminar, held on November 7-8, 2007, was similarly structured. It included presentations

on Power World Program Applications, System Development and Operating Event Summaries, a Major System Disturbance Table Top Exercise and a tour of the new ISO-New England Control Center.

NPCC provided a presentation on its recent transition to Northeast Power Coordinating Council, Inc., the status of situation awareness activities, an update on the reliability readiness evaluation program, and the conversion of NPCC documents to Regional Reliability Reference Directories.

Seminar attendees received Continuing Education Hours for the Table Top Exercise similar to the Spring Seminar.



Reliability Readiness Evaluations Conducted

In May 2007, NPCC Staff co-led a NERC Reliability Readiness Evaluation of the control center of the Long Island Power Authority. The Readiness Evaluation was the first such review of a Transmission Owner (TO) operating under an ISO/RTO that utilized a revised "NERC Reliability Readiness Evaluation and Improvement Program Transmission Owner Questionnaire." The questionnaire was

drafted by NERC and NPCC and was structured to provide a more focused review.

The second TO Readiness Evaluation for 2007 was conducted in December 2007 for the New York Power Authority's control center in Marcy, New York.

In 2007, NPCC staff, in conjunction with its members, participated in a total of twenty one

Readiness Evaluations, two of which were conducted within NPCC and nineteen that were external to NPCC. NPCC staff co-led both NPCC Readiness Evaluations and participated in four Readiness Evaluations that were outside of the NPCC Region. Six NPCC members participated in the two 2007 Readiness Evaluations and seventeen participated in nineteen external Readiness Evaluations.

The NPCC readiness evaluation Recommendation Tracking and Completion process has been utilized for quarterly NERC and NPCC status reports in 2007.

NPCC Compliance Registry Process Improved

NPCC developed a comprehensive process during 2007 to improve the accuracy of the Compliance Registry, to assure that the NPCC Compliance Registry is as accurate as possible.

The year 2007 began with the shifting of the responsibility for Organization Registration from the Areas (New York, New England, Ontario, Quebec and the Maritimes) to NPCC. In

order to verify the existing list of Registered Entities (from 2006), NPCC first developed a comprehensive survey that was distributed, in January 2007, to each of the entities on the existing 2006 list.

Subsequent to the development of an initial Compliance Registry in March, NPCC embarked on a process to identify additional entities that may need to be registered.

The NPCC Compliance Registry is maintained in a data base on the Compliance Monitoring & Enforcement Program Data Administration Application (CDAA).

Currently the Compliance Registry is reviewed and revised, if necessary, on a monthly basis. These revisions are generated through the use of the CDAA and are submitted to NERC as required.



Maintaining the accuracy of the Compliance Registry is a critical aspect of the NPCC Compliance Monitoring & Enforcement Program.

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Description

NPCC's geographic area includes New York, the six New England states, Ontario, Québec, and the Maritime Provinces in Canada. The total population served is approximately 56 million. The area covered is approximately 1 million square miles. From an electric load perspective, 20% of the Eastern Interconnection load is served within the NPCC region. For Canadian electricity requirements, 70% of Canadian load is located within the NPCC region. NPCC is one of the eight Regional Entities located throughout the United States, Canada and portions of Mexico.

Background

The Northeast Power Coordinating Council, Inc. (referred to as NPCC) provides the statutory functions and services for Northeastern North America of a cross-border regional entity through a regional entity division, as well as non-statutory criteria services for Northeastern North America through a criteria services division.

Through its regional entity division, NPCC works to enhance the reliability of the international, interconnected bulk power system in Northeastern North America through the development of regional reliability standards, coordination of system planning, design and operations, assessment of reliability, and compliance assessment and enforcement of reliability standards pursuant to the execution and implementation of a Regional Delegation Agreement with the Electric Reliability Organization ("ERO") under the authority of the Federal Energy Regulatory Commission in the U.S. and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities.

Through its criteria services division, NPCC promotes the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria.

NPCC 2007 General Meeting Summary

The 2007 NPCC General Meeting was held at the InterContinental Toronto Centre Hotel, Toronto, Ontario on September 26-27, 2007. Following the welcoming remarks of Paul Murphy, President & CEO of the Ontario Independent Electricity System Operator, NPCC's Chairman, David Goulding highlighted NPCC's reliability activities and accomplishments.

The meeting continued with William Longenecker, Senior Policy Advisor, Office of Electric Reliability at FERC, Rick Sergel, President and CEO of the North American Electric Reliability Corporation, Caroline Dupuis, Director, Technical and Environmental Analysis, Québec Régie de l'Énergie, and Peter Fraser, Manager Wholesale Power Policy, Regulatory Policy Development, Ontario Energy Board in a roundtable discussion of the programs put in place to provide

for international reliability since the passage of the U.S. Energy Policy Act of 2005 and subsequent U.S. and Canadian reliability agreements.

Kathleen Carrigan, Senior Vice President & General Council, ISO-New England, Dr. Jan Carr, CEO, Ontario Power Authority, Mark Lynch, President & CEO, New York ISO and David Wright, Vice President of Transmission Asset Management - US Transmission, National Grid described the current status of planning initiatives underway to provide for future reliability.

The meeting resumed the next day with Tom Kiley, President & CEO of the Northeast Gas Association providing a natural gas outlook for the winter season. Derek Cowbourne, Chief Operating Officer of the Ontario Independent Electricity System

Operator described the emergency preparedness efforts currently underway. Martin Ferland – IT Security Coordinator, Hydro-Québec TransÉnergie, presented a cyber-security update.

The meeting concluded with Guy

Zito, NPCC's Assistant Vice President of Standards summarizing NPCC's Regional Standards Development process, and Stan Kopman, NPCC's Assistant Vice President of Compliance outlining the NPCC Compliance Process.



Paul Murphy shown welcoming attendees to the 2007 NPCC General Meeting prior to Dave Goulding's (seated) opening remarks.