



Manual 27

Reliability Compliance and Enforcement Manual

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1. Introduction

The New York Independent System Operator (NYISO) is committed to operating New York's Power Grid reliably, while maintaining compliance with applicable North American Electric Reliability Corporation (NERC), the Northeast Power Coordinating Council (NPCC) and New York State Reliability Council (NYSRC) standards, criteria and rules. The NYISO's Market Participants are also subject to mandatory, enforceable compliance with Reliability Rules from these Reliability Organizations. The NYISO's governing documents—its FERC-approved tariffs and agreements with its Market Participants—describe numerous respective obligations for operating and planning the New York State Power System reliably, as well as the NYISO's administration of competitive capacity and energy markets, and services related to ensuring reliability. This manual outlines the NYISO's processes for monitoring and reporting compliance with applicable Reliability Rules.

1.1. Reliability Organizations and Interrelationships

The NYISO and its Market Participants are subject to compliance with Reliability Rules developed and approved by the following organizations.

1.1.1. North American Electric Reliability Corporation (NERC)

On July 20, 2006, Federal Energy Regulatory Commission (FERC) certified NERC as the “Electric Reliability Organization” (ERO) for North America. FERC approved an initial set of NERC standards as mandatory and enforceable effective June 18, 2007. , NERC develops and enforces reliability standards, monitors the bulk electric system, assesses future adequacy, audits users, owners and operators for preparedness, and educates and trains industry personnel. NERC is a self-regulating stakeholder organization that relies on the diverse and collective expertise of industry participants. As the ERO, NERC is subject to audit by the FERC and governmental authorities in Canada.

NERC employs an annual Compliance Monitoring and Enforcement Program (CMEP) to monitor compliance with its standards. The CMEP includes periodic self-certifications by NYISO, spot-audits of selected standards, periodic comprehensive audits of multiple standards, self-reporting by NYISO if it has violated standards, and incident investigations. The NERC CMEP is administered by NPCC in its Regional Entity Role. The CMEP prescribes sanctions for non-compliance, which might include monetary sanctions.

1.1.2. Northeast Power Coordinating Council (NPCC)

NPCC's mission is to promote and enhance the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America. NPCC acts as a Regional Entity for NERC, oversees the establishment of region-specific reliability criteria, coordination of system planning,

design and operations, and compliance assessment and enforcement of both regional standards and the continent-wide NERC standards.

NPCC employs a Criteria Compliance and Enforcement Program (CCEP) to monitor compliance with its regionally-specific more stringent reliability criteria. The CCEP includes periodic self-certification by NYISO, submittal of complete certification documentation upon request, exception reporting, and event driven reporting (reporting on the occurrence or non-occurrence of specifically identified events). The CCEP prescribes non-monetary sanctions.

1.1.3. New York State Reliability Council (NYSRC)

NYSRC is a not-for-profit entity whose mission is to promote and preserve the reliability of electric service on the New York State power system. NYSRC develops and oversees compliance with Reliability Rules specific to New York—including the local Reliability Rules of individual Transmission Owners—that apply to the NYISO and all entities engaging in electric power transactions on the New York State power system. The NYSRC is responsible for monitoring compliance with the Reliability Rules and establishing the annual statewide Installed Capacity Requirement for the New York Control Area. The NYSRC Reliability Rules fall into two categories: (1) Reliability Rules for which the NYISO has a direct compliance responsibility, and (2) Reliability Rules for which the NYISO must certify NYISO Market Participant actions. In addition to reporting compliance with the NYSRC Reliability Rules, the NYISO also informs NYSRC of the compliance reporting status of NERC standards and NPCC criteria.

NYSRC employs a comprehensive reliability compliance monitoring procedure described in NYSRC Policy 4, Procedure for Monitoring Compliance with the NYSRC Reliability Rules. The NYSRC compliance monitoring procedures includes processes to collect information to assess and make determination of compliance: (a) the Annual Compliance Monitoring Program; (b) Compliance Audits; (c) Self-Reporting; (d) Spot Checking; (e) Implementation of New or Modified Reliability Rules; and (f) Monitor NYISO Compliance with NERC standards and NPCC criteria. The NYSRC Compliance Monitoring Program prescribes non-monetary sanctions.

1.1.4. North American Energy Standards Board (NAESB)

NAESB serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. The NYISO complies with numerous NAESB standards, which are incorporated by reference into NYISO's FERC tariffs. NAESB standards focus on business practices and include areas such as (1) Open Access Same-Time Information System (OASIS), (2) Area Control Error Equations (ACE), (3) Manual Time Error Corrections, (4) Public Key Infrastructure

(PKI), (5) Inadvertent Interchange Payback, and (6) Transmission Loading Relief-Eastern Interconnection.

1.2. Reference

- [NYISO Market Services Tariff, Article 5 - Control Area Services: Rights and Obligations](#)
- [NYISO Market Services Tariff, Article 10 - Recordkeeping and Audit](#)
- [NYISO Agreement](#)
- [NYISO/NYSRC Agreement](#)
- [NYSRC Agreement](#)
- [NYISO/Transmission Owner Agreement](#)
- [NYSRC Policy 4 Procedure for Monitoring Compliance with the NYSRC Reliability Rules](#)
- [NPCC Member Bylaws](#)
- [NERC Compliance Monitoring and Enforcement Program \(CMEP\)](#)
- [NPCC Criteria Compliance and Enforcement Program \(CCEP\)](#)
- [NERC Rules of Procedure Appendix 4B: Sanction Guidelines](#)

1.3. Definitions

“Reliability Organizations” means the North American Electric Reliability Corporation (NERC), the Northeast Power Coordinating Council (NPCC), the New York State Reliability Council (NYSRC), and the North American Energy Standards Board (NAESB).

“Reliability Rules” means the reliability rules, standards and criteria of NERC, NPCC, NYSRC, and NAESB.

Other applicable definitions are in the NYISO tariffs, NERC, NPCC and NYSRC Glossary of Terms.

2. Compliance Responsibilities

2.1. General NYISO Responsibilities

The NYISO is responsible for supporting the reliability compliance programs of NERC, NPCC, NYSRC, and NAESB. This involves a number of activities including:

- Complying with all applicable Reliability Rules
- Administering annual compliance programs
 - Collecting compliance data from within the NYISO
 - Collecting compliance data from Market Participants when required to support NYISO compliance with Reliability Rules
 - Assessing compliance with Reliability Rules
 - Reporting to NERC, NPCC, NYSRC, and NAESB in accordance with their compliance programs
 - Onboarding new or revised Reliability Rules
- Providing support for the development of new or revised Reliability Rules and their associated compliance requirements

2.2. General Market Participant Responsibilities

Market Participants in the NYISO Markets must comply with all applicable Reliability Rules and support the NYISO's compliance responsibilities. This involves a number of activities including:

- Adhering to compliance programs of each Reliability Organization
- Providing compliance data when requested to support NYISO compliance with applicable Reliability Rules
- Notifying the NYISO if the Market Participant observes any condition or event that could result in the Market Participant and/or the NYISO being potentially out of compliance with applicable Reliability Rules

3. Compliance Monitoring Process

3.1. Compliance Monitoring Schedules

Monitoring programs for NERC, NPCC, and NYSRC are posted on their respective websites. These schedules are approved through the governance process of the particular Reliability Organization, and do not require specific approval by the NYISO or its Market Participants.

3.2. Communicating Requests for Compliance Data

When the NYISO requests compliance data from Market Participants in order to administer a compliance monitoring schedule, the NYISO will communicate the specific data requirements to the applicable Market Participants in a timely manner. When possible, Market Participants will typically be given at least 30 calendar days to respond to data requests. If the NYISO requires a shorter reporting schedule due to a data request from a Reliability Organization, it will so note in the request to the Market Participant.

3.2.1. NYISO Member Relations

The NYISO may utilize the NYISO shared governance committees and their support structure to communicate compliance data requests to its Market Participants. This will enable Market Participants to participate in discussions on how the data can be collected in an efficient, consistent and effective manner.

3.2.2. Email Notifications

When appropriate, the NYISO will utilize emails to contact Market Participants required to provide data in order for the NYISO to fulfill its compliance monitoring responsibilities.

3.3. Communicating and responding to requests for compliance data

The NYISO collects compliance data through various means including the Reliability Compliance Mailbox and the NYISO secure portal. Unless stated otherwise in a specific procedure, compliance data submitted to the NYISO should be sent to the following email address:

reliability_compliance@nyiso.com

Emails should include the name and organization submitting the report.

In some cases, Market Participants will be requested to submit their data to the NYISO secure portal when conditions warrant.

3.4. Special Requests for Compliance Data

Current Reliability Rules require Market Participants and other applicable entities to provide supporting compliance data or documentation upon request. Compliance with these requests may require the NYISO to collect compliance data from Market Participants promptly.

3.4.1. Notification

The NYISO may request Market Participant data to respond to special data requests from Reliability Organizations. The NYISO will communicate the specific data requirements to the relevant Market Participant(s) within three working days of the receipt of the request from the Reliability Organization. This notification will be through email or telephone. Requests will include the format and method of submission, the date the submission is required at the NYISO, and the date the NYISO is required to submit the data or documentation to the applicable Reliability Organization.

3.4.2. Collection

Whenever possible, data or documentation will be collected in an electronic format that facilitates efficient and timely submission. Section 3.3 outlines the process for electronic data submissions to the NYISO.

3.5 Reports of Compliance with NPCC Requirements

Certain NPCC criteria may require a Market Participant to comply with a regional program that, for the NPCC region, is administered on an Area basis by the NYISO. For these cases, the NYISO will collect affected Market Participants' documentation and submit it to NPCC, establishing the NYISO's compliance with the relevant NPCC criteria.

4. Corroborating Evidence for Market Participant Compliance

Both the NYISO and its Market Participants rely on the operating and planning functions of the NYISO, as specified in its FERC-approved Tariffs and procedures, to comply with NERC Standards, either through actions taken by the NYISO or coordinated action by the NYISO and its Market Participants. In some instances, the actions performed by the NYISO and its Market Participants under the NYISO Tariffs and procedures may not identically align with a party's NERC functional registration. To provide clarity, the NYISO Reliability Compliance and Industry Affairs department produces four documents, described below, to assist NYISO Market Participants in demonstrating compliance with NERC Standards.

The information provided in these documents is a result of working closely with NPCC as the NYISO's NERC Regional Entity and our Market Participants. Market Participants may also continue to submit compliance-related questions to the NYISO Stakeholder Services department.

The documents below are posted on the Reliability Compliance page of the NYISO website.

<https://www.nyiso.com/reliability-compliance>

- Corroborating Evidence Document for NERC/NPCC Auditors
- NERC Standards Guidance Matrix
- Overview of NERC Standards Guidance Matrix for Market Participants
- NYISO Data Specification Matrix
- New York Local Control Center (LCC) Data Specification

4.1. Corroborating Evidence Document for NERC/NPCC Auditors

The "Corroborating Evidence for NPCC Compliance Audits of NERC Reliability Standards" document is designed to corroborate the statements made by Market Participants to demonstrate compliance with NERC Standards while fulfilling their obligations under NYISO Tariffs and Agreements. In some instances, the actions performed by the NYISO and its Market Participants under the NYISO Tariffs and procedures may not identically align with a party's NERC functional registration. This document offers an agreed to path to compliance that has been endorsed by NPCC.

4.2. NERC Standards Guidance Document for Market Participants

The “NERC Standards Guidance Matrix” provides Market Participants with supporting explanations and related reference documents on options of how to achieve compliance in New York for a variety of NERC Standards. The associated “Overview of the NERC Standards Guidance Matrix for Market Participants” provides detailed descriptions of the headings in the Guidance Matrix. This document provides a possible solution to achieving compliance in New York.

4.3. NYISO Data Specification

The “NYISO Data Specification” provides Market Participants with a reference document for where data requests exist within the NYISO’s processes and an overview of submitting data to the NYISO in accordance with NERC Standard IRO-010 Requirements and NYISO Tariff provisions. Detailed data submittal information is available in the referenced processes or documentation.

4.4. New York Local Control Center (LCC) Data Specification

The “New York LCC Data Specification” provides New York Transmission Owners who are also NERC registered Transmission Operators a reference document for submitting data to the NYISO in accordance with NERC Standard TOP-003 Requirements.

5. Compliance Enforcement within the NYISO

Market Participants are required by the Market Services Tariff (Section 4.1.7, Customer Compliance with Laws, Regulations and Orders) to comply with all Reliability Rules. If, in the course of its day-to-day business, the NYISO becomes aware of an actual or suspected violation by a Market Participant of a Reliability Rule or other NYISO requirement intended to support compliance with a Reliability Rule, it will notify the appropriate Reliability Organization.

The NYISO in its capacity as a NERC registered entity is, at times, dependent on Market Participant actions to comply with certain reliability standards. Similarly, Market Participants are responsible for certain reliability standards and could conclude that an alleged violation may have resulted from an action or inaction by the NYISO. NYISO OATT Rate Schedule 11, Penalty Cost Recovery, provides a mechanism for the NYISO or a Market Participant to directly allocate, with FERC approval, monetary penalties imposed by FERC, NERC and/or NPCC on the Registered Entity to an entity or entities whose conduct is determined by NERC or the Regional Entity to have led to the penalty.

5.1. NYSRC

NYSRC assesses and monitors NYISO's compliance with NYSRC Reliability Rules, some of which require the NYISO to certify Market Participant compliance. The NYSRC Policy 4, *Procedures for Monitoring Compliance with the NYSRC Reliability Rules*, outlines the NYISO's responsibility for determining Market Participant compliance through NYISO procedures and Tariffs. The NYISO is required to report to the NYSRC the results of its assessments. These reports will include findings of compliance or non-compliance with the rules/criteria/standards. NYSRC also reviews NYISO's compliance reporting obligations with NERC Standards and NPCC Criteria.

5.1.1. Notification of Alleged NYSRC Non-Compliance

When the NYISO believes a Market Participant is not compliant with a NYSRC Reliability Rule or has failed to provide supporting compliance data or documentation requested by the NYISO, it will issue a findings letter detailing the cause for the alleged non-compliance to the assessed Market Participant. The Market Participant may dispute the NYISO's non-compliance finding by delivering a written statement of its position with supporting documentation to be received by the Vice President, Operations within 10 calendar days of the MP's receipt of the NYISO's findings letter.

5.1.2. Determination of NYSRC Non-Compliance

Following delivery of the notification letter of the alleged non-compliance and resolution of any dispute from the Market Participant, the Vice President, Operations will, if appropriate, issue a non-compliance

letter pursuant to NYSRC Policy 4, Procedure for Monitoring Compliance with NYSRC Reliability Rules, and NYISO procedures. The letter will be sent to the Market Participant's CEO and the NYISO Board of Directors, with copies to the NYISO CEO, the NYSRC Executive Committee and the New York Public Service Commission (PSC). The NYISO will issue a non-compliance letter as soon as practical after non-compliance has been confirmed. At a minimum, the non-compliance letter shall include the following elements:

- References to the Reliability Rule and related Requirement(s) that were found in non-compliance;
- The specific provision in the Requirement(s) that was violated;
- A directive that the Market Participant come into compliance within a period determined by the NYISO to be reasonable and consistent with the reliable operation of the bulk power system;
- Reference to the Market Participant's obligation to comply with the Reliability Rules pursuant to the NYISO's tariffs, procedures and service agreements, and the possible consequences of non-compliance; and
- A mitigation plan consisting of actions to be implemented by the Market Participant and supported by the NYISO to ensure compliance within the compliance period established by the NYISO or to prevent a recurrence of the non-compliance, and a statement as to whether the mitigation plan has been accepted by the market participant.

After issuance of the non-compliance letter, the NYISO will update the NYSRC Executive Committee and Reliability Compliance Monitoring Subcommittee (RCMS), as requested, on the status of its efforts to work with the Market Participant to achieve compliance. If the Market Participant fails to comply within the timeframe established by the NYISO, the NYISO will send the Market Participant additional non-compliance letters confirming the Market Participant's continued noncompliance.

When a Market Participant fails to comply with the NYISO's repeated requests, or when the NYISO concludes that the Market Participant's continued non-compliance poses a risk to the reliability of the bulk power system, the NYISO will report the continued non-compliance in writing to the NYSRC Executive Committee, RCMS, and the PSC. The report will describe the NYISO's due diligence in seeking to secure compliance by the Market Participant, including the actions it has taken under its tariffs, procedures and service agreements to secure the Market Participant's compliance, and a statement that further action by the NYISO is not possible or would be inappropriate. The report will request that the PSC consider appropriate action to bring the Market Participant into compliance. The report will describe any resolution the NYISO has been able to achieve with the Market Participant.

5.1.3. Dispute Resolution

A Market Participant who disputes a NYSRC non-compliance determination made by the Vice President, Operations has the option to pursue dispute resolution under the NYISO Market Services Tariff (MST), Article 11, *Dispute Resolution Procedure*.

6. Compliance Records Retention

Reliability Rules require applicable entities to show proof of compliance for past periods.

The Reliability Compliance and Industry Affairs department retains compliance reports and documentation submitted by the NYISO to the Reliability Organizations. Responsible departments retain data and supporting documentation when no regular reports are required.

Market Participants are responsible for retaining data and documentation required to support their compliance with reliability standards applicable to their entity. If the NYISO relies on Market Participant data or documentation to support the NYISO's compliance with reliability standards, the NYISO may request this documentation periodically through a compliance monitoring schedule and assume the responsibility for retention. When NYISO's retention of data and documentation is not practical, the NYISO shall document the Market Participant's responsibility for retaining this data in a NYISO manual or technical bulletin.