

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

Electric Reliability Organization Proposal)	Docket Nos. RM19-16-000
to Retire Requirements in Reliability)	RM19-17-000
Standards under the NERC Standards)	
Efficiency Review)	

**COMMENTS OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
IN RESPONSE TO NOTICE OF PROPOSED RULEMAKING**

The North American Electric Reliability Corporation (“NERC”) hereby provides comments on the Notice of Proposed Rulemaking (“NOPR”) regarding NERC’s proposal to retire requirements in Reliability Standards issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) in this proceeding on January 23, 2020.¹ NERC provides these comments as the Commission-certified electric reliability organization (“ERO”) responsible for the development and enforcement of mandatory Reliability Standards, including the proposals referenced in the NOPR.²

In the NOPR, the Commission proposes to approve 74 of the 77 total requirement retirement proposals proposed by NERC in two petitions filed with the Commission on June 7, 2019, including: (i) the retirement of ten currently effective Reliability Standards in their entirety;³

¹ Notice of Proposed Rulemaking, *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards under the NERC Standards Efficiency Review*, 170 FERC ¶ 61,032 (2020) [hereinafter the NOPR].

² The Commission certified NERC as the ERO in 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh’g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030 (2007), *order on clarification and reh’g*, 119 FERC ¶ 61,046 (2007), *aff’d sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

³ The Commission proposes to approve the retirement of FAC-013-2, INT-004-3.1, INT-010-2.1, MOD-001-1a, MOD-004-1, MOD-008-1, MOD-020-0, MOD-028-2, MOD-029-2a, and MOD-030-3 as proposed by NERC.

and (ii) proposed Reliability Standards INT-006-5, INT-009-3, IRO-002-7, PRC-004-6, and TOP-001-5, in which individual requirements of the currently effective standards are proposed to be retired. The Commission also proposes to approve the associated Violation Risk Factors, Violation Severity Levels, implementation plan, and effective dates as proposed by NERC.⁴ The Commission seeks additional information regarding the proposed retirement of Requirements R7 and R8 in proposed Reliability Standard FAC-008-4.⁵ The Commission also proposes to remand proposed Reliability Standard VAR-001-6 to retain Requirement R2.⁶

NERC supports the Commission's proposal to approve NERC's retirement proposals. In these comments, NERC offers additional information in support of proposed Reliability Standard FAC-008-4 as requested by the Commission. As discussed in these comments, NERC respectfully requests that the Commission defer action on its NOPR proposal to remand proposed Reliability Standard VAR-001-6 until after the NERC Board of Trustees has had the opportunity to consider the Commission's concerns at its May 14, 2020 meeting and determine whether to take further action with respect to the proposed standard.

I. BACKGROUND

A. The Standards Efficiency Review Petitions

On June 7, 2019, NERC submitted two petitions originating from work under the first phase of the NERC Standards Efficiency Review. This initiative, which began in 2017, reviewed the body of NERC Reliability Standards to identify those Reliability Standards and requirements that are administrative in nature or relate expressly to commercial or business practices, are redundant to other Reliability Standards, or provide little to no benefit to reliability. NERC

⁴ NOPR, *supra*, at P 1.

⁵ *Id.* at P 33.

⁶ *Id.* at PP 38-39.

identified 77 Reliability Standard requirements for retirement and one proposed standard for withdrawal. NERC's filings consisted of the following. First, NERC filed a petition to retire ten currently effective standards in their entirety and approve four revised Reliability Standards in which individual requirements are retired, involving the FAC, INT, MOD, and PRC Reliability Standard families (retirement of 73 requirements).⁷ Second, NERC filed a petition to approve the following three revised Reliability Standards in which individual retirements are retired: IRO-002-7, TOP-001-5, and VAR-001-6 (retirement of 4 requirements).⁸

B. The NOPR

On January 23, 2020, the Commission issued the NOPR. In the NOPR, the Commission proposes to approve 74 of the 77 Reliability Standard requirements requested for retirement by NERC, including all of the proposals involving the INT, IRO, PRC, MOD, and TOP Reliability Standard families.⁹ The Commission, however, expressed concern with the remaining three retirement proposals.

With respect to the retirement of Requirements R7 and R8 in proposed Reliability Standard FAC-008-4, the Commission states that it agrees with NERC that other Reliability Standards overlap with certain elements of Requirements R7 and R8. The Commission, however, expresses concern that these requirements “do not appear to be entirely redundant of the other Reliability

⁷ *Petition of NERC for Approval of Revised and Retired Reliability Standards under the NERC Standards Efficiency Review*, Docket No. RM19-17-000 (June 7, 2019) [hereinafter the FAC, INT, MOD, and PRC Petition]. This petition proposed to retire Reliability Standards FAC-013-2, INT-004-3.1, INT-010-2.1, MOD-001-1a, MOD-004-1, MOD-008-1, MOD-020-0, MOD-028-2, MOD-029-2a, and MOD-030-3, and proposed revised Reliability Standards FAC-008-4, INT-006-5, INT-009-3, and PRC-004-6. Concurrently with the filing of this petition, NERC submitted a notice to withdraw its 2014 petition for approval of MOD-001-2, which was then pending Commission action. *Notice of Withdrawal of NERC for Proposed Reliability Standard MOD-001-2*, Docket No. RM14-7-000 (June 7, 2019).

⁸ *Petition of NERC for Approval of Reliability Standards IRO-002-7, TOP-001-5, and VAR-001-6 Developed under the NERC Standards Efficiency Review*, Docket No. RM19-16-000 (June 7, 2019) [hereinafter the IRO, TOP, and VAR Petition].

⁹ NOPR, *supra*, at PP 25-27.

Standards cited by NERC.”¹⁰ Specifically, the Commission expresses concern that Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 “do not require the provision of facility ratings to transmission owners” and if the retirements were approved, reliability could be impacted “since these requirements ensure that all transmission owners have accurate facility-related information in the models that they use to plan and operate the bulk electric system.”¹¹ The Commission also states the cited Reliability Standards do not address Reliability Standard FAC-008-3 Requirement R8 Part 8.1.2, relating to the identity of the next most limiting equipment of a requested facility, or Part 8.2.2, requiring the identification and thermal rating of the existing next most limiting equipment of facilities with a thermal rating that limits the use of that facility by causing either an Interconnection Reliability Operating Limit, a limitation of Total Transfer Capability, an impediment to generator deliverability, or an impediment to service to a major load center.¹² The Commission states that its final determination on the retirement of these two requirements will be based on comments received from NERC and others.¹³

In the NOPR, the Commission proposes to remand Reliability Standard VAR-001-6 because “it is the only requirement that explicitly requires transmission operators to schedule reactive resources.”¹⁴ The Commission expresses disagreement that Reliability Standard VAR-001-5 Requirement R2 is duplicative of other existing Reliability Standard requirements and states, “While Reliability Standards TOP-001-4 and TOP-002-4 address situations involving the possible need to schedule reactive resources, they are not adequate substitutes for the explicit obligation in Requirement R2 of Reliability Standard VAR-001-5 requiring transmission operators to schedule

¹⁰ *Id.* at P 33.

¹¹ *Id.* at P 31.

¹² *Id.* at P 32.

¹³ *Id.* at P 33.

¹⁴ *Id.* at P 38.

enough reactive resources to regulate voltage levels under all system conditions.”¹⁵ The Commission further states, “Reliability Standards TOP-001-4 and TOP-002-4 do not require the transmission operator to implement mitigation plans: instead, the transmission operator need only analyze and develop a plan to address a potential System Operating Limit.”¹⁶ The Commission therefore proposes to remand proposed Reliability Standard VAR-001-6 in order to retain Requirement R2 of the currently effective standard.¹⁷

NERC’s comments on these proposals is provided in the following section.

II. COMMENTS

NERC supports the Commission’s proposal to approve 74 of the 77 Reliability Standard requirements requested for retirement by NERC, including all of the proposals involving the INT, IRO, PRC, MOD, and TOP Reliability Standard families. As the Commission states, the proposed retirements will enhance reliability by allowing entities to focus their resources on those Reliability Standard requirements that more effectively promote the reliable operation and planning of the Bulk-Power System. Further, the proposed retirements will improve the efficiency of NERC’s Reliability Standards program by reducing duplicative or otherwise unnecessary regulatory burdens.¹⁸ NERC submits that the Commission should also approve proposed Reliability Standard

¹⁵ *Id.* at P 39.

¹⁶ *Id.* at P 40.

¹⁷ *Id.* at PP 34-41.

¹⁸ *See id.* at P 2.

FAC-008-4, in which Requirements R7 and R8 of the currently effective standard are proposed to be retired. NERC's comments on the specific issues raised in the NOPR are provided below.

A. NERC Supports the NOPR Proposal to Approve Retirement of Reliability Standard Requirements

As noted above, NERC supports the Commission's proposal to approve the 74 retirements identified in the NOPR and encourages the Commission to approve these retirements in a final rule issued in this proceeding.

While not discussed specifically in the NOPR, NERC notes that there are additional reasons that would support the retirement of Reliability Standard MOD-020-0 – Providing Interruptible Demands and Direct Control Load Management Data to System Operators and Reliability Coordinators. In NERC's FAC, INT, MOD, and PRC Petition, NERC stated that the standard should be retired on the basis that it provides little, if any, benefit to reliability and, to the extent that entities do find the specified data to be useful as a longer-term resource, it may be obtained through other mechanisms, including NERC's Demand Response Availability System ("DADS").¹⁹ In these comments, NERC adds that Reliability Standard MOD-031-2 – Demand and Energy Data also provides a means for obtaining demand response information.

The purpose of Reliability Standard MOD-031-2 is to provide authority for applicable entities to collect Demand, energy, and related data to support reliability studies and assessments and to enumerate the responsibilities and obligations of requestors and respondents to that data. Requirement R1 provides that a Planning Coordinator and Balancing Authority identifying a need for the collection of Demand Side Management data shall develop and issue data requests to Transmission Planners, Balancing Authorities, Load Serving Entities, and Distribution Providers for load data including monthly and annual peak hour controllable and dispatchable Demand Side

¹⁹ FAC. INT, MOD, and PRC Petition, *supra*, at 23-24.

Management under the control or supervision of the System Operator in megawatts for the prior calendar year (Requirement Part R1.3.4)²⁰ and the Demand and energy effects of controllable and dispatchable Demand Side Management under the control or supervision of the System Operator (Requirement Part R1.5.2). Requirement R4 provides that any applicable entity shall provide such data in response to a request from a Planning Coordinator, Balancing Authority, Transmission Planner, or Resource Planner with a demonstrated need for the data. NERC notes that the Reliability Coordinator has the authority to obtain data necessary for planning and operations using its authority under Reliability Standard IRO-010-2 – Reliability Coordinator Data Specification and Collection.

For the reasons provided in NERC’s petition and in these comments, NERC supports the Commission’s NOPR proposal to approve the retirement of 74 Reliability Standard requirements, including the retirement of Reliability Standard MOD-020-0 in its entirety.

B. Reliability Standard FAC-008-3 Requirements R7 and R8 are Not Needed for Reliability and May be Retired in Proposed FAC-008-4

In the NOPR, the Commission states that FAC-008-3 Requirement R7 and R8 may not be fully redundant with the Reliability Standards cited by NERC in its petition, and it seeks additional information regarding the proposed retirement of these requirements in proposed FAC-008-4.²¹

With respect to the Commission’s concern that eliminating the mandatory exchange of facility rating-related information with Transmission Owners could “impact reliability since these requirements ensure that all transmission owners have accurate facility-related information in the

²⁰ The standard provides that three values shall be reported for each hour: 1) the committed megawatts (the amount under control or supervision), 2) the dispatched megawatts (the amount, if any, activated for use by the System Operator), and 3) the realized megawatts (the amount of actual demand reduction).

²¹ See FAC, INT, MOD, and PRC Petition, *supra*, at 27-28. These Reliability Standards are MOD-032-1, IRO-010-2, and TOP-003-3.

models that they use to plan and operate the bulk electric system,”²² NERC responds as follows. Under NERC’s Reliability Standards program, the Transmission Owner, defined in the NERC Glossary as “[t]he entity that owns and maintains transmission Facilities,”²³ is not the functional entity directly responsible for complying with Reliability Standards for planning and operating the Bulk-Power System. NERC has a mechanism in place to register Transmission Owners as Transmission Planners or Transmission Operators if they are in fact planning or operating the Bulk-Power System. The exchange of facility ratings information with these functional entities is addressed in Reliability Standards MOD-032-1 and TOP-003-3, as stated in NERC’s petition. NERC therefore maintains that there would be no reliability gap from eliminating the mandatory exchange of facility rating-related information with Transmission Owners in proposed FAC-008-4.

With respect to the Commission’s concern in the NOPR that Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 do not appear to address Reliability Standard FAC-008-3 Requirement R8 Part 8.1.2, relating to the identity of the next most limiting equipment of a requested facility, or Part 8.2, requiring the identification and thermal rating of the existing next most limiting equipment of facilities with a thermal rating that limits the use of that facility,²⁴ NERC responds as follows. The provision of such information by the Transmission Owner and Generator Owner to the Planning Coordinator and Transmission Planner is addressed by Reliability Standard MOD-032-1 Attachment 1 Data Reporting Requirements. Attachment 1 contains a “catch-all” provision that requires the Transmission Owner and Generator Owner to

²² See NOPR, *supra*, at P 31.

²³ Glossary of Terms Used in NERC Reliability Standards, https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf.

²⁴ NOPR, *supra*, at P 32.

provide “[o]ther information requested by the Planning Coordinator or Transmission Planner necessary for modeling purposes.”²⁵ This information would include the data that is now explicitly enumerated under FAC-008-3 Requirement R8 Parts 8.1.2 and 8.2. The provision of this data to the Reliability Coordinator and Transmission Operator is addressed under the data specification requirements in Reliability Standards IRO-010-2 and TOP-003-3, respectively.

In summary, Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 provide the entities responsible for the reliable modeling, planning, and operation of the BPS with the authority to obtain the information they need from Generator Owners and Transmission Owners to complete their reliability tasks, which may include next most limiting equipment information. Now that these broader data specification standards are in place, NERC has identified no reliability need to maintain additional requirements expressly requiring the provision of this data in the FAC-008 standard. NERC therefore respectfully requests that the Commission approve proposed Reliability Standard FAC-008-4 in which these requirements are proposed to be retired.

C. NERC Requests that the Commission Defer Action on its Proposal to Remand Reliability Standard VAR-001-6

In the NOPR, the Commission proposes to remand proposed Reliability Standard VAR-001-6 in order to retain Requirement R2. While NERC maintains that the retirement of Requirement R2 would not pose an unacceptable risk to the BPS for the reasons stated in its petition,²⁶ NERC acknowledges the Commission’s concerns as stated in the NOPR. NERC respectfully requests that the Commission defer action on this NOPR proposal until the NERC Board of Trustees has had the opportunity to consider whether to take further action with respect to the proposed standard at its May 14, 2020 meeting. NERC would inform the Commission of the

²⁵ See MOD-032-1 Attachment 1, steady-state column, item 9.

²⁶ IRO, TOP, VAR Petition at 18.

outcome through the timely submission of one or more appropriate filings so as to not unduly delay the issuance of a final rule in this proceeding.

III. CONCLUSION

NERC respectfully requests that the Commission accept these comments for consideration.

Respectfully submitted,

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Date: April 6, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding. Dated at Washington, D.C. this 6th day of April, 2020.

/s/ Lauren A. Perotti

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