

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

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| Revisions to Electric Reliability |) | Docket Nos. RM12-6-000 |
| Organization Definition of Bulk Electric System |) | RM12-7-000 |
| And Rules of Procedure |) | |

**MOTION FOR LEAVE TO ANSWER AND ANSWER OF
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

Pursuant to Rules 213 and 713 of the Federal Energy Regulatory Commission’s (the “Commission”) Rules of Practice and Procedure, 18 C.F.R. §§ 385.213, 385.713 (2012), the North American Electric Reliability Corporation (“NERC”) respectfully requests leave to respond and submits this response to the response of Exelon Corporation (“Exelon”) to the Request for Clarification of NERC of the Commission’s December 20, 2012 Order on Revisions to the Electric Reliability Organization Definition of Bulk Electric System (“BES”) and Rules of Procedure (“Order No. 773”).¹

I. MOTION FOR LEAVE TO ANSWER

To the extent that the Commission’s Rules of Practice and Procedure do not expressly authorize this response, NERC requests leave to submit it in order to aid the Commission’s decision-making process.²

¹ 141 FERC ¶ 61,236 (2012).

² See, e.g., *Fidelity Exploration & Prod. Co. v. Southern Star Cent. Gas Pipeline, Inc.*, 106 FERC ¶ 61,231 at P 12 (2004)(“While Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure generally prohibits further pleadings after the respondent’s answer to a complaint, in this case the further pleadings have served to clarify the relevant facts, and accordingly the Commission allows those pleadings.”)(internal citation omitted); *PJM Interconnection, L.L.C., et al.*, 104 FERC ¶ 61,154 at P 14 (2003); *Williams Energy Mktg. & Trading Co. v. Southern Co. Servs., Inc.*, 104 FERC ¶ 61,141 at P 10 (2003); *California Indep. Sys. Operator Corp.*, 94 FERC ¶ 61,266 at 61,921 (2001).

II. ANSWER

NERC hereby submits a brief response to the two issues raised by Exelon in its Answer.

Both issues relate to NERC's Clarification Request and stem from a single sentence:

While the outcome of the application of either Exclusion E1 or Exclusion E3 to Figures 3 and 5 is the same;³ (*i.e.*, all elements other than Lines 1 and 2 are excluded from the BES Definition), NERC notes that the Commission's approach will entail the evaluation of significantly more facilities in applying Exclusion E3 and is administratively burdensome.⁴

First, Exelon questions whether the outcome of the application of Exclusion E1 or Exclusion E3 is the same. Second, Exelon states that NERC's statement regarding the administrative burden of evaluating more facilities confuses the issue.

A. Application of Exclusion E1 and Exclusion E3

Exelon states that NERC's Clarification Request "adds confusion where NERC contends that the outcome of Exclusion E1 or Exclusion E3 is the same following the directives in Order No. 773 in that all lines other than Lines 1 and 2 in Figures 3 and 5 are excluded from the BES definition."⁵ NERC's statement is based on the plain language of Paragraph 148 of Order No. 773 (emphasis added):

The Commission affirms NERC's statement that figure 2 is a non-radial loop and thus would not be eligible for exclusion E1 because it does not emanate from a single point of connection. The Commission agrees with commenters that the elements below the 115 kV loop should be assessed as two separate radial systems pursuant to exclusion E1. The remaining elements (the 115 kV loop, transformers 3 and 4 and the 230 kV tie lines above the transformers to the two 230 lines 1 and 2) should be assessed pursuant to exclusion E3 and if the configuration meets the criteria of exclusion E3, the elements could be excluded.

³ Assuming that the relevant Exclusion criteria are met.

⁴ Request for Clarification of the North American Electric Reliability Corporation, Docket Nos. RM12-6-7-000 and RM12-7-000 at 6 (January 22, 2013).

⁵ Response of the Exelon Corporation to the Request for Clarification of the North American Electric Reliability Corporation, Docket Nos. RM12-6-7-000 and RM12-7-000 at 3 (February 6, 2013). Exelon also contends that the Commission was "silent as to whether the taps from 230kV Line 2 to 230kV Brkr 1 and 230kV Line 1 to 230kV Brkr 2 are to be considered BES." *Id.*

While Exelon is correct that the Commission does not specify in the discussion of Exclusion E3 (at P 155) that the taps from Line 1 to Breaker 2 and Line 2 to Breaker 1 are excluded from the BES Definition, this is the logical result of the Commission's earlier language with respect to Figure 2.⁶ For this reason, NERC joins Exelon's request for the Commission to confirm that the application of either Exclusion E1 or Exclusion E3 to Figures 3 and 5 is the same;⁷ (*i.e.*, all elements other than Lines 1 and 2 are excluded from the BES Definition).

B. Administrative Burden

Exelon states that “[b]y claiming that the Commission’s directive to remove the 100kV threshold from Exclusion E3 would be administratively more burdensome, NERC confuses the issue.”⁸ Exelon notes that the exception process, not the finding of exclusion, requires the evaluation of additional facilities. Exelon misinterprets NERC’s statement.

To clarify, the additional burden would be on the entities applying the BES Definition if their local network has no through-flow because they would have to document this to qualify for Exclusion E3, while they would not under Exclusion E1. In cases where the local network has an insignificant amount of through-flow, the burden would be on NERC and the Regions to process exception requests.

⁶ NERC notes that Paragraph 140 of Order No. 773 also supports NERC’s statement in the NERC Clarification Request:

The Commission agrees with NERC that the radial systems shown in figure 1 meet the definition of “radial system” in exclusion E1. This configuration would result in the 230 kV lines between transformers 1 and 2 to the two 230 kV lines, respectfully, being excluded from the bulk electric system. The Commission agrees with NERC and other commenters that both radial systems depicted in figure 1 would be subject to exclusion E1 condition (a) because they each only serve load.

Therefore, whether applying Exclusion E1 or E3, the Commission in both cases concluded the lines between the transformers and 230 kV Lines 1 and 2 could be excluded.

⁷ Assuming that the relevant Exclusion criteria are met.

⁸ Response of the Exelon Corporation to the Request for Clarification of the North American Electric Reliability Corporation, Docket Nos. RM12-6-7-000 and RM12-7-000 at 3 (February 6, 2013).

III. CONCLUSION

For the reasons set forth herein, NERC requests that the Commission consider the foregoing comments.

Respectfully submitted,

/s/ Stacey Tyrewala

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Dated: February 21, 2013

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 21st day of February, 2013.

/s/ Stacey Tyrewala

Stacey Tyrewala

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