



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

May 28, 2008

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: *Standards for Business Practices and Communication Protocols for Public Utilities*, Docket No. RM05-5-005

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC)<sup>1</sup> appreciates the opportunity to provide these comments in response to the Federal Energy Regulatory Commission's (Commission) Notice of Proposed Rulemaking (NOPR)<sup>2</sup> issued in the above-referenced proceeding. In the NOPR, the Commission proposes to amend its regulations to incorporate by reference the latest version (Version 001) of certain business practice standards concerning the Open Access Same-Time Information Systems (OASIS) and four business practice standards relating to reliability issues adopted by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB).<sup>3</sup> The Commission also proposes to incorporate by reference NAESB's new standards on transmission loading relief for the Eastern Interconnection and public key infrastructure, and add a new OASIS implementation guide.

NERC supports the Commission's proposal to adopt the NAESB standards and offers comments on two limited aspects in response to the Commission's request for comments in the NOPR. First, the Commission seeks comment on whether confirmation by silence is appropriate for a business practice intended to complement a reliability standard:

21. . . .Standard 004-6.1.2 states that "[i]f the PSE, LSE, and GPE do not respond to a request from the Interchange Authority, the Interchange is considered passively approved." While confirmation by silence is a common business practice eliminating unnecessary communications, we request comment on

<sup>1</sup> NERC has been certified by the Commission as the electric reliability organization ("ERO") authorized by Section 215 of the Federal Power Act. The Commission certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. 116 FERC ¶ 61,062 (2006) ("ERO Certification Order").

<sup>2</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Docket No. RM05-5-005, 123 FERC ¶ 61,066 (April 21, 2008) (NOPR).

<sup>3</sup> These revised standards update earlier versions of these standards that the Commission previously incorporated by reference into its regulations at 18 CFR 38.2 in Order Nos. 676 and 676-B. *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, FERC Stats. & Regs., Regulations Preambles ¶ 31,216 (Apr. 25, 2006), *reh'g denied*, Order No. 676-A, 116 FERC ¶ 61,255 (2006), Order No. 676-B, (Apr. 30, 2007), FERC Stats. & Regs. ¶ 31,246 (Apr. 19, 2007).

whether this is appropriate for a business practice intended to complement a reliability standard.<sup>4</sup>

Based on NERC's review, NAESB's proposal to allow passive approval of the Purchasing-Selling Entity (PSE), Load-Serving Entity (LSE) and GPE as set forth in Standard 004-6-1.2 does not create a reliability impact. The roles of the PSE, LSE and GPE are strictly related to ensuring that contractual obligations are being met. Reliability aspects, on the other hand, are addressed through the approvals of Balancing Authorities and Transmission Service Providers, which are required to be active approvals as part of NERC Reliability Standard INT-006.

Specifically, INT-006-1 R. 1 provides:

**R1.** Prior to the expiration of the reliability assessment period defined in the Timing Table, Column B, *the Balancing Authority and Transmission Service Provider shall respond to a request from an Interchange Authority to transition an Arranged Interchange to a Confirmed Interchange.*

**R1.1.** Each involved Balancing Authority shall evaluate the Arranged Interchange with respect to:

**R1.1.1.** Energy profile (ability to support the magnitude of the Interchange).

**R1.1.2.** Ramp (ability of generation maneuverability to accommodate).

**R1.1.3.** Scheduling path (proper connectivity of Adjacent Balancing Authorities).

**R1.2.** Each involved Transmission Service Provider shall confirm that the transmission service arrangements associated with the Arranged Interchange have adjacent Transmission Service Provider connectivity, are valid and prevailing transmission system limits will not be violated.<sup>5</sup>

INT-006-2 R. 1 provides:

**R1.** Prior to the expiration of the reliability assessment period defined in the Timing Table, Column B, *the Balancing Authority and Transmission Service Provider shall respond to a request from an Interchange Authority to transition an Arranged Interchange to a Confirmed Interchange.*

**R1.1.** Each involved Balancing Authority shall evaluate the Arranged Interchange with respect to:

**R1.1.1.** Energy profile (ability to support the magnitude of the Interchange).

**R1.1.2.** Ramp (ability of generation maneuverability to accommodate).

**R1.1.3.** Scheduling path (proper connectivity of Adjacent Balancing Authorities).

**R1.2.** Each involved Transmission Service Provider shall confirm that the

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<sup>4</sup> NOPR at P 21.

<sup>5</sup> INT-006-1 R. 1 (emphasis added) available at [ftp://www.nerc.com/pub/sys/all\\_updl/standards/rs/INT-006-1.pdf](ftp://www.nerc.com/pub/sys/all_updl/standards/rs/INT-006-1.pdf).

transmission service arrangements associated with the Arranged Interchange have adjacent Transmission Service Provider connectivity, are valid and prevailing transmission system limits will not be violated.<sup>6</sup>

As noted in the italicized language above, both of these NERC Reliability Standards require active responses by the Balancing Authority and the Transmission Service Provider. The proposed NAESB Standard does not alter, implicitly or explicitly, these requirements.

Second, the Commission seeks comment on whether differences in definitions are significant and whether a single definition for reliability-related terms should be adopted in future standards. The Commission points to differences in NAESB and NERC definitions as well as differences in definitions as used by NAESB in its proposed Standards:

27. While we understand that NAESB and NERC have worked collaboratively to coordinate their standard development efforts, there appear to be several occasions in the TLR standards in which the definitions used by the two depart . . .

28. There also appear to be some instances in various NAESB standards where the same term is defined differently. For example, the definition of Balancing Authority in Standard WEQ-004-0.3 is not identical to the definition of that same term in Standard WEQ-008-0.4. As the Commission stated in Order No. 676, the standards relating to reliability would be clearer if a single definition were used. Although in Order No. 676 the Commission generally found that NERC should take the lead in defining reliability-related terms,[ Order No. 676 at P 40] we recognize that good reasons may exist in certain cases for some differences in these terms. We therefore request comment on whether the differences in definitions are significant and whether a single definition for reliability-related terms should be adopted in future standards.<sup>7</sup>

Although the definitions are different, NERC does not believe that the definitions affect the ability to successfully implement the standards as written.

However, NERC recognizes that differences in NERC and NAESB definitions can be confusing to the industry. To address this issue, NERC and NAESB are working to develop more in-depth coordination procedures to ensure that definitions are consistent between both organizations. Towards this end, NERC's Standards Committee has recently created a new subcommittee – the Standards Committee Process Subcommittee -- to identify process improvements. Improving NERC/NAESB coordination procedures is one of the actions the subcommittee has been tasked to undertake.

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<sup>6</sup> INT-006-2 R. 1 (emphasis added) available at [ftp://www.nerc.com/pub/sys/all\\_updl/standards/rs/INT-006-2.pdf](ftp://www.nerc.com/pub/sys/all_updl/standards/rs/INT-006-2.pdf).

<sup>7</sup> NOPR at PP 27-28.

NERC appreciates the opportunity to submit these comments and urges the Commission to take action consistent with the comments herein.

Respectfully submitted,

/s/ Rebecca J. Michael

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