135 FERC ¶ 61,043
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

North American Electric Reliability Corporation Docket No. RD11-2-000

ORDER APPROVING RELIABILITY STANDARDS

(Issued April 21, 2011)

1. The North American Electric Reliability Corporation (NERC) filed a petition requesting approval of Reliability Standards IRO-006-5 (Transmission Loading Relief (TLR)) and IRO-006-EAST-1 (TLR Procedure for the Eastern Interconnection), Violation Risk Factors (VRF) and Violation Severity Levels (VSL) for those Reliability Standards, and inclusion of the term "Market Flow" in the NERC Glossary of Terms. The Reliability Standards specify communication and coordination requirements relating to Interconnection-wide congestion management procedures and the transfer of power from one Interconnection to another. They also specify planning, communication and coordination requirements for Interconnection-wide congestion management procedures in the Eastern Interconnection. As discussed in this order, we approve the Reliability Standards, VRFs and VSLs, and inclusion of "Market Flow" in the NERC Glossary of Terms.

2. The Commission also approves retirement of Reliability Standard IRO-006-4.1 and its Attachment 1, regional differences within IRO-006-4.1, and removal of the term "Reallocation" from the NERC Glossary of Terms. The new provisions will be effective, and the retired provisions rendered ineffective, on the first day of the first calendar quarter after issuance of this order, as requested by NERC.

I. Background

A. EPAct 2005 and Mandatory Reliability Standards

3. Section 215 of the Federal Power Act (FPA) requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards, which provide for the reliable operation of the Bulk-Power System,

subject to Commission review and approval.[1] Section 215(d)(2) of the FPA states that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a Reliability Standard if it determines that the Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.[2]

4. On February 3, 2006, the Commission issued Order No. 672 to implement the requirements of section 215 of the FPA governing electric reliability.[3] In July 2006, the Commission certified NERC as the ERO.[4]

B. NERC Filing

5. On January 13, 2011, NERC filed a petition requesting approval of Reliability Standards IRO-006-5 and IRO-006-EAST-1 and their respective VRFs and VSLs, and inclusion of the term "Market Flow" in the NERC Glossary of Terms. NERC states that the new Reliability Standards were developed using the NERC Reliability Standards Development Procedure and approved by the NERC Board of Trustees.

6. NERC states that the current continent-wide Reliability Standard IRO-006-4.1 requires Reliability Coordinators to utilize specific Interconnection-wide procedures. Specifically, IRO-006-4.1 provides details for the Eastern Interconnection procedures in an attachment while only providing hypertext links to the procedures used in the WECC and ERCOT Interconnections.

7. NERC explains that the proposed continent-wide Reliability Standard, IRO-006-5, eliminates the requirements associated with the Interconnection-wide processes and, instead, only references those processes. In doing so, NERC maintains that there is less

---

[1] 16 U.S.C. 824o(d)(2) (2006).

[2] *See* 16 U.S.C. § 824o(e)(3).

[3] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006), *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

[4] *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030, *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).

risk for conflict between the continent-wide standard and the Interconnection (or regional) procedures. In addition, NERC proposes to move all key reliability elements of the Eastern Interconnection Transmission Loading Relief procedure, now found in IRO-006-4.1 and Attachment 1 to IRO-006-4.1, into an Interconnection-wide Reliability Standard of its own, IRO-006-EAST-1. Finally, IRO-006-EAST-1 contains the term "Market Flow," which NERC proposes to add to the NERC Glossary of Terms.

8. NERC requests Commission approval of Reliability Standards IRO-006-5 and IRO-006-EAST-1, their VRFs and VSLs, and addition of "Market Flow" to the NERC Glossary of Terms, each with an effective date as "of the first day of the first calendar quarter after the date the standards are approved by the Commission."[5] NERC also requests retirement of IRO-006-4.1 and its Attachment 1, regional differences within IRO-006-4.1, and removal of the term "Reallocation" from the NERC Glossary of Terms, which according to NERC appears only in IRO-006-4.1. NERC requests that the retirement date coincide with the effective date of IRO-006-5 and IRO-006-EAST-1.

II. Notice of Filing

9. Notice of NERC's filing was published in the *Federal Register*, 76 Fed. Reg. 5577 (2011), with interventions and protests due on or before February 14, 2011. No motion to intervene or protest was received.

III. Discussion

10. We approve Reliability Standards IRO-006-5 and IRO-006-EAST-1, the associated VRFs and VSLs, and inclusion of the term "Market Flow" in the NERC Glossary of Terms. We find that the proposed Reliability Standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. In addition, we approve the implementation plan proposed by NERC.

A. Reliability Standard IRO-006-5

11. Reliability Standard IRO-006-5 requires coordinated action on Interconnection-wide congestion management procedures across Interconnection boundaries by the applicable Reliability Coordinators. The Reliability Standard requires that if congestion management action in one Interconnection necessitates action from a Reliability Coordinator in another Interconnection, the responding Reliability Coordinator must comply with the request or provide the requesting Reliability Coordinator with a reliability reason why the request cannot be carried out.

[5] NERC January 13, 2011 Petition at 1-2.

12. Reliability Standard IRO-006-5 requires communication and coordination to ensure that a Reliability Coordinator who requests assistance to manage congestion in one Interconnection understands what actions are, or are not, being taken by Reliability Coordinators in other Interconnections to render assistance. Accordingly, IRO-006-5 mandates critical real-time communication and coordination between Reliability Coordinators operating in different Interconnections. The Commission commends NERC on the development of IRO-006-5, which now makes communication and coordination mandatory between Reliability Coordinators in different Interconnections.

13. Reliability Standard IRO-006-5 removes references and associated links to the Interconnection-wide procedures (and regional differences) currently found in IRO-006-4.1 and its Attachment. The Commission agrees that removing these references will eliminate confusion by separating continent-wide requirements from Interconnection procedures (and regional differences therein) for Transmission Loading Relief. As discussed below, the key reliability elements of the Eastern Interconnection Transmission Loading Relief procedures in the Attachment to IRO-006-4.1 will be moved into a separate, Interconnection-wide Reliability Standard, IRO-006-EAST-1. Similarly, a Western Interconnection Transmission Loading Relief standard (IRO-006-WECC-1) has been approved by the Commission[6] and a separate Texas Interconnection Transmission Loading Relief standard (IRO-006-TRE-1) is in development and expected to be filed with the Commission in the second quarter of 2011.

14. Based on the foregoing, the Commission finds that Reliability Standard IRO-006-5 is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

15. The Commission also finds that NERC's VRFs and VSLs for Reliability Standard IRO-006-5 are consistent with the Commission's established guidelines for review of proposed VRFs and VSLs. Accordingly, we approve the VRFs and VSLs proposed by NERC.

16. In sum, the Commission approves Reliability Standard IRO-006-5 and its VRFs and VSLs. As requested by NERC, Reliability Standard IRO-006-5 will be effective on the first day of the first calendar quarter following the date of this order. On that same day, Reliability Standard IRO-006-4.1 will be retired and "Reallocation" removed from the NERC Glossary of Terms.

---

[6] *Western Electric Coordinating Council Qualified Transfer Path Unscheduled Flow Relief Regional Reliability Standard*, Order No. 746, 76 Fed. Reg. 16,691 (March 25, 2011), FERC Stats. & Regs. ¶ 61,040 (2011).

B. Reliability Standard IRO-006-EAST-1

17. Reliability Standard IRO-006-EAST-1 requires Reliability Coordinators in the Eastern Interconnection to take actions related to Transmission Loading Relief in the Eastern Interconnection to prevent or mitigate potential or actual System Operating Limit and Interconnection Reliability Operating Limit violations. The Reliability Standard allows Reliability Coordinators the flexibility to implement Transmission Loading Relief procedures on a local basis, i.e., using methods that only affect entities in the Reliability Coordinator's area, or on an Interconnection-wide basis, i.e., using methods that affect entities outside the Reliability Coordinator's area in the Eastern Interconnection. The methods available to the Reliability Coordinator for Transmission Loading Relief include modifying generation dispatch and system demand and reconfiguring the transmission system.

18. IRO-006-EAST-1, Requirement R1 establishes procedures for the Reliability Coordinator to mitigate the magnitude and duration of an event where the rating of an Interconnection Reliability Operating Limit has been exceeded.

19. IRO-006-EAST-1, Requirement R2 requires Reliability Coordinators to identify a "TLR Level" and a list of congestion management actions when initiating the Eastern Interconnection Transmission Loading Relief procedure. Requirement R2 lists nine "TLR Levels" and references an "Implementation Guideline for Reliability Coordinator: Eastern Interconnection TLR Levels Reference Document" to assist the Reliability Coordinator in determining what "TLR Level" to identify.[7] Requirement R2 also removes business practices from the ambit of IRO-006-EAST-1.

20. IRO-006-EAST-1, Requirement R3 requires the Reliability Coordinator initiating the Transmission Loading Relief procedures to notify all Reliability Coordinators in the Eastern Interconnection of its "TLR Level" and to communicate the list of congestion management actions to be implemented to all Reliability Coordinators in the Eastern Interconnection and to those Reliability Coordinators in other Interconnections that are asked to modify specific Interchange Transactions crossing Interconnection boundaries. Requirement R3 eliminates the regional differences previously found in IRO-006-4.1 by allowing Reliability Coordinators in the Eastern Interconnection to have their Balancing Authorities curtail specific Market Flows.

---

[7] "Implementation Guideline for Reliability Coordinator: Eastern Interconnection TLR Levels Reference Document" is not a Commission-approved document. *NERC, Implementation Guideline for Reliability Coordinator: Eastern Interconnection TLR Levels Reference Document* (May 2010), *available at* http://www.nerc.com/docs/standards/sar/TLR_Levels_2010May13.pdf.

21. IRO-006-EAST-1, Requirement R4 requires a Reliability Coordinator that is asked to implement congestion management actions in its area to implement those actions within 15 minutes of the request by asking its Balancing Authority to take specific actions to modify schedules, Market Flows, loads, and/or transmission services. Alternatively, the responding Reliability Coordinator must indicate that the requested congestion management actions will result in a reliability concern or will be ineffective. The responding Reliability Coordinator may then identify and implement alternate congestion management actions provided the alternate actions are agreed to by the initiating Reliability Coordinator and will not adversely affect reliability.

22. IRO-006-EAST-1 incorporates a new term "Market Flow," which is defined as "the total amount of power flowing across a specified Facility or set of Facilities due to a market dispatch of generation internal to the market to serve load internal to the market." This new term, as used in IRO-006-EAST-1, supports reliable congestion management actions required in the Eastern Interconnection.

23. The Commission approves IRO-006-EAST-1 and inclusion of "Market Flow" in the NERC Glossary of Terms. The Commission finds that the procedures for requiring Reliability Coordinators to respond to transmission congestion, i.e., by modifying generation dispatch and system demand, and reconfiguring the transmission system, are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

24. With respect to Requirement R4, we clarify one point. Requirement R4 identifies modification of generation and demand as actions that a responding Reliability Coordinator could take to manage congestion. Requirement R4, however, does not identify reconfiguration of the transmission system as an action that a responding Reliability Coordinator could be asked to take. The Commission does not view this omission as precluding an initiating Reliability Coordinator from requesting that the responding Reliability Coordinator reconfigure the transmission system, if possible. The Commission believes that NERC should consider identifying reconfiguration of the transmission system as an option for managing congestion in future versions of IRO-006-EAST-1, Requirement R4.

25. The Commission finds that NERC's VRFs and VSLs for Reliability Standard IRO-006-EAST-1 are consistent with the Commission's established guidelines for review of proposed VRFs and VSLs. We therefore approve NERC's proposed VRFs and VSLs.

26. As requested by NERC, Reliability Standard IRO-006-EAST-1 will be effective on the first day of the first calendar quarter following the date of this order.

The Commission orders:

Reliability Standards IRO-006-5 and IRO-006-EAST-1, their VRFs and VSLs, inclusion of "Market Flow" in the NERC Glossary of Terms, and the implementation plan proposed by NERC are hereby approved, as discussed in this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.