

Petition”).³ The proposed Reliability Standards set forth the responsibilities of those Generator Owners that own or operate a generator interconnection Facility and interface with the portion of the Bulk Electric System where Transmission Owners and Transmission Operators then take over ownership and operating responsibility. NERC stated in its July 30 Petition that these are the only Reliability Standards that need to be applied to Generator Owners and Generator Operators to ensure appropriate coverage of generator interconnection facilities “[e]xcept as necessary on a fact-specific basis.”⁴

On April 18, 2013, the Commission issued the instant NOPR proposing to approve the proposed Standards. The Commission seeks comment on two issues: (1) clarification of the term “generator interconnection facility”⁵ and (2) detailed information regarding individual assessments, including what circumstances could trigger an individual assessment and how NERC envisions the individual assessment will be performed.⁶

³ The FAC-001 and FAC-003 standards currently in effect are applicable to Transmission Owners, and NERC is proposing to extend their applicability to certain generator interconnection facilities.

⁴ July 30 Petition at p. 5.

⁵ NOPR at P 22 (“further clarification of the term ‘generator interconnection facility’ may be warranted. We understand the term to refer to generator interconnection tie-lines and their associated facilities extending from the secondary (high) side of a generator owner’s step-up transformer(s) to the point of interconnection with the host transmission owner.”)(internal citations omitted).

⁶ NOPR at P 24 (“we seek comment as to what circumstances could trigger such an individual assessment. We also seek comment on how NERC envisions the individual assessments will be performed as part of the transmission planning and operating studies NERC mentions in the Petition, when the individual assessments will occur, what percentage of generator interconnection facilities are ‘complex’ and thereby likely to trigger such an individual assessment (including the number of existing generator interconnection facilities that will be required to adhere to additional transmission owner or transmission operator Reliability Standards), and how the results of the individual assessments will be coordinated among the interested parties.”).

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:⁷

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 446-2595– facsimile

Charles A. Berardesco*
Senior Vice President and General Counsel
Holly A. Hawkins*
Assistant General Counsel
Stacey Tyrewala*
Senior Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099– facsimile
charlie.berardesco@nerc.net
holly.hawkins@nerc.net
stacey.tyrewala@nerc.net

III. COMMENTS

A. Clarification of the Term “Generator Interconnection Facility”

In the NOPR, the Commission seeks further clarification of the term “generator interconnection facility.”⁸ NERC confirms the Commission’s understanding that a Generator Owner or Generator Operator’s compliance obligations extend to the generator interconnection facilities up to the point of interconnection with the host Transmission Owner. As the Commission noted, the term “generator interconnection facility” refers to generator interconnection tie-lines and their associated facilities extending from the secondary (high) side

⁷ Persons to be included on the Commission’s service list are identified by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission’s regulations, 18 C.F.R. § 385.203 (2012), to allow the inclusion of more than two persons on the service list in this proceeding.

⁸ NOPR at P 22.

of a generator owner's step-up transformer(s) to the point of interconnection with the host transmission owner.⁹

B. Individual Assessments

The standard drafting team for Project 2010-07 reviewed 34 Reliability Standards and 102 Requirements in order to determine what generic changes were necessary to address what changes are necessary to close a reliability gap with respect to what is commonly known as generator interconnection facilities.¹⁰ The standard drafting team acknowledged that some Facilities are complex and may therefore require individual assessment.¹¹ The need for such individual assessments in order to determine which Reliability Standards apply to a Facility was acknowledged by the Commission in the NOPR.¹²

The NOPR seeks comment as to what circumstances could trigger an individual assessment and how NERC envisions the individual assessment will be performed.¹³ The NOPR also seeks comment on what "percentage of generator interconnection facilities are 'complex' and thereby likely to trigger such an individual assessment (including the number of existing generator interconnection facilities that will be required to adhere to additional transmission

⁹ *Id.*

¹⁰ NERC's Registry Criteria provide that a class of entities, each of which would be individually excluded, may nevertheless be registered based on their aggregate impact on Bulk-Power System reliability.

¹¹ *See* Petition for Approval of Proposed Reliability Standards FAC-001-1, FAC-003-3, PRC-04-2.1a and PRC-005-1.1b at 12-13. Note, NERC has not determined the percentage of facilities that may be identified as "complex." Specific details regarding individual assessments were not provided in the July 30 Petition, as there is significant overlap between this project and the definition of the Bulk Electric System and at the time of submittal, Order No. 773, approving the definition of the Bulk Electric System, had not yet been issued. *Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure*, Order No. 773, 141 FERC ¶ 61,236 (2012).

¹² NOPR at P 24 ("The Commission appreciates that, while certain facilities may be adequately addressed through a generic evaluation, other facilities may, as NERC indicates, require 'individual assessment' to properly determine which Reliability Standards apply to a facility.").

¹³ *Id.*

owner or transmission operator Reliability Standards), and how the results of the individual assessments will be coordinated among the interested parties.”¹⁴

There are several events which could trigger an individual assessment with respect to whether additional Reliability Standards should apply to a particular Generator Owner or Generator Operator based on its specific and unique characteristics.¹⁵ These events are addressed in turn below.

(1) It may be the case that at some point in the future NERC will gain additional information and identify one or more additional Requirements that should be made applicable to one or more Generator Owners or Generator Operators. Such additional information may arise out of an analysis of an event or off-normal occurrence on the system. If that Requirement were of a general nature that should apply to a number of Generator Owners and/or Generator Operators, NERC would use the standards development process to develop appropriate modifications to the Reliability Standards, as was done in the present matter.

(2) Next, if additional information were specific to an individual Generator Owner or Generator Operator, based on the particular facts and circumstances, then NERC and the Regional Entity could pursue additional registration as a means to apply certain additional Requirements to that particular Generator Owner or Generator Operator. However, NERC expects that widespread registration of Generation Owners and Generation Operators as Transmission Owners and Transmission Operators should not be necessary in the future.

(3) Finally, individual assessments could occur as a result of the Bulk Electric System exception process. The NERC definition of the Bulk Electric System uses specific terms and

¹⁴ *Id.*

¹⁵ In addressing the potential need for individual assessments of complex generator interconnection facilities, NERC did not intend to create a new affirmative obligation on certain functional entities (*e.g.*, Reliability Coordinators or Planning Authorities) to conduct such assessments.

thresholds that, in most cases, should appropriately identify Elements and groups of Elements that are appropriately classified as part of the Bulk Electric System. Conversely, the definition of Bulk Electric System should, in most cases, exclude Elements that are not part of the Bulk Electric System. In certain cases, however, the definition of Bulk Electric System may classify certain Elements as part of the Bulk Electric System that are not necessary for the Reliable Operation of the interconnected bulk-power transmission system or the definition of Bulk Electric System may classify certain Elements as non-Bulk Electric System that are necessary for the Reliable Operation of the interconnected bulk-power transmission system. The review of an Element pursuant to the exception process could identify “complex” generator interconnection facilities. The evaluation of a specific Element and its potential to materially impact the Bulk Electric System could identify any existing or potential reliability gaps with respect to that individual Element.

For these reasons, the existing processes and roles and responsibilities of NERC and the regions should ensure that “complex” generator interconnection facilities will be identified and appropriately addressed on a case-specific basis.¹⁶ It is expected that the number of such facilities is low and when an individual assessment occurs, NERC will evaluate, in consultation with the Regional Entity, which Reliability Standards apply to the particular entity based on the specific facts.

With the approval of the four modified Reliability Standards referenced above as being applicable to Generation Owners and Generation Operators, NERC believes it has addressed the reliability concerns that caused NERC to pursue registration of certain Generator Owners and

¹⁶ This approach is consistent with Commission precedent. In *Cedar Creek* and *Milford*, the Commission performed a fact-specific analysis based upon “unique characteristics” to determine whether each of the entities would be required to register as Transmission Owners and Operators. The Commission concluded, based on the specific facts, that the reliable operation and maintenance of the interconnection facilities connected to Cedar Creek and Milford generating facilities were material to the Bulk-Power System.

Generation Operators as Transmission Owners and Transmission Operators (thereby subjecting them to some additional Requirements). Upon issuance of a Final Rule applying the four referenced Reliability Standards to Generator Owners and Generator Operators, such entities should be subject to the necessary Requirements without the need to register them as Transmission Owners and Transmission Operators.¹⁷ Accordingly, NERC and the Regional Entities will generally no longer pursue registration of Generator Owners and Generation Operators as Transmission Owners and Transmission Operators.

¹⁷ A great deal of effort, by a large number of technical experts from various perspectives, has gone in to the analysis of these issues. First, the Ad Hoc Group for Generator Requirements at the Transmission Interface (“Ad Hoc Group”), comprised of industry representatives, held a number of meetings and produced a report. *Available here: http://www.nerc.com/pa/Stand/Project%202007%202010%20GOTO%20Project%20DL/GO-TO_Final_Report_2009Nov16.pdf*. Next, the standard drafting team for Project 2010-07—Generator Requirements at the Transmission Interface reviewed the work of the Ad Hoc Group, the various lists of reliability Requirements that emerged from the registration cases, and their own judgments and the judgments of commenters about what additional Requirements were necessary for Generator Owners and Generation Operators.

IV. CONCLUSION

For the reasons stated above, NERC respectfully requests that the Commission accept these comments for consideration.

Respectfully submitted,

/s/ Stacey Tyrewala

Charles A. Berardesco
Senior Vice President and General Counsel
Holly A. Hawkins
Assistant General Counsel
Stacey Tyrewala
Senior Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099– facsimile
charlie.berardesco@nerc.net
holly.hawkins@nerc.net
stacey.tyrewala@nerc.net

*Counsel for North American Electric
Reliability Corporation*

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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 24th day of June, 2013.

/s/ Stacey Tyrewala
Stacey Tyrewala

*Counsel for North American Electric
Reliability Corporation*