

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

**Generator Requirements at the            )     Docket No.  RM12-16-000**  
**Transmission Interface                )**

**REPLY COMMENTS OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

The North American Electric Reliability Corporation (“NERC”)<sup>1</sup> hereby provides these reply comments in response to the comments submitted on June 24, 2013 on the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) April 18, 2013, Notice of Proposed Rulemaking (“NOPR”)<sup>2</sup> regarding modifications to four existing Reliability Standards.

**I.     BACKGROUND**

In the NOPR, the Commission sought comment on two issues: (1) detailed information regarding individual assessments, including what circumstances could trigger an individual assessment and how NERC envisions the individual assessment will be performed,<sup>3</sup> and (2) clarification of the term “generator interconnection facility.”<sup>4</sup> Comments were submitted on June 24, 2014, by NERC and twelve other entities. Pursuant to Rule 212, NERC respectfully offers these reply comments in order to clarify several issues raised by other commenters.

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<sup>1</sup>     The Federal Energy Regulatory Commission certified NERC as the electric reliability organization (“ERO”) in its order issued on July 20, 2006 in Docket No. RR06-1-000. *North American Electric Reliability Corporation*, 116 FERC ¶ 61,062 (2006).

<sup>2</sup>     *Generator Requirements at the Transmission Interface*, 143 FERC ¶ 61,049 (2013).

<sup>3</sup>     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.”).

<sup>4</sup>     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).

## II. COMMENTS

NERC offers comments on the following: (1) the establishment of a process for conducting individual assessments, and (2) the definition of the term “generator interconnection facility.”

### **A. The Establishment of a Process for Conducting Individual Assessments is Unnecessary, Premature and Outside the Scope of the Instant Proceeding**

Several commenters support the development of a process to be conducted upon identification of a “complex” generator interconnection facility, suggesting that the Bulk Electric System (“BES”) exception process be used as a model.<sup>5</sup> The establishment of a process is unnecessary at this time because there are existing mechanisms under the NERC Rules of Procedure to deal with any registration changes that may be warranted.<sup>6</sup> Registration is an ongoing process as Registered Entities are obligated to inform the applicable Regional Entity(s) if a Registered Entity’s information changes. Section 501 of the currently effective NERC Rules of Procedure, Part 1.3.5 provides:

Each Registered Entity identified on the NCR shall notify its corresponding Regional Entity(s) of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity’s responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards applicable to its associated Registration.

An entity seeking to modify its current registration, including de-registration, would be obligated to inform the applicable Regional Entity of this change in status. NERC clarifies that

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<sup>5</sup> See, e.g., Comments of Dominion Resources Services, Inc. at 3 (“Dominion also recommends that the Commission direct NERC to adopt a process similar to the BES exception process filed by NERC...”).

<sup>6</sup> See NERC Rules of Procedure, Section 500, available at: <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.

the instant proceeding will not have the effect of de-registering any entity from the NERC Compliance Registry. Any changes to registration will continue to be governed by the NERC Rules of Procedure.

While the concept of an established process for identifying “complex” facilities may have merit, it is premature; NERC will be reviewing its registration process in 2014.<sup>7</sup> NERC will be endeavoring to modify registration processes based on risk to the Bulk-Power System. The Commission should not prejudge the outcome of that undertaking in the instant proceeding. Furthermore, the BES exception process has not yet been implemented and there may be practical lessons-learned that could impact the application of this process as a model for registration.

The modifications to the proposed Reliability Standards are designed to eliminate any material reliability gap with respect to generator interconnection facilities. NERC reiterates that “NERC and the Regional Entities will generally no longer pursue registration of Generator Owners and Generation Operators as Transmission Owners and Transmission Operators.”<sup>8</sup> NERC anticipates that the number of “complex” facilities is quite small, however, NERC cannot *guarantee* that it will never be necessary to register a Generator Owner or Generator Operator as a Transmission Owner or Transmission Operator as such a statement would be inconsistent with NERC’s obligations as the Electric Reliability Organization. The transmission system and the possible configurations thereof change over time as new technologies are integrated – there is no

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<sup>7</sup> See Second Draft NERC 2014 Business Plan and Budget at 11, *available at*: <http://www.nerc.com/gov/bot/FINANCE/Pages/2014NERCBusinessPlanandBudgetDL--.aspx>, Exhibit B at 121 (“The ongoing and new major activities of the Compliance Monitoring and Enforcement and Organization Registration and Certification Program for 2014 include: ...continuing Registered Entity mapping activities to ensure that registry gaps and duplicative registration and compliance monitoring are avoided; continuing to work to ensure Registered Entities understand their compliance obligations and how compliance will be assessed; completing the functional model review and registration needs assessment, including developing a common and consistent registration approach among Regional Entities and developing recommendations to modify registration and certification processes based on risks to the BPS....”).

<sup>8</sup> See Comments of NERC at 7.

such thing as 100% regulatory certainty with respect to how a particular configuration will be treated. NERC's registration process and the NERC definition of "Bulk Electric System" provide as much certainty as possible regarding the applicability to, and the responsibility of, specific entities to comply with Reliability Standards.<sup>9</sup> Furthermore, entities have the ability to appeal any registration decisions as provided in the NERC Rules of Procedure, ensuring that there is appropriate due process.

For these reasons, the scope of this proceeding is appropriately limited to the modifications to the four Reliability Standards submitted to the Commission.

**B. The Proposed Modifications to the term "Generator Interconnection Facilities" Should be Rejected**

1. The Proposed Modifications to the Commission's Understanding of the Term "Generator Interconnection Facilities" are Unnecessary

Several commenters support modification of the Commission's understanding of the term "generator interconnection facility" to reflect changes of ownership.<sup>10</sup> Such a modification is unnecessary as the framework of the NERC Reliability Standards accounts for such situations, in that Generator Owners and Generator Operators are only responsible for the facilities that they

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<sup>9</sup> See *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 33 ("our Final Rule relies on the existing NERC definition of bulk electric system and its compliance registration process to provide as much certainty as possible regarding the applicability and responsibility of specific entities under the approved standards."), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 at P 19 (2007) ("the Commission will continue to rely on NERC's definition of bulk electric system, with the appropriate regional differences, and the registration process until the Commission determines in future proceedings the extent of the Bulk-Power System").

<sup>10</sup> See, e.g., Comments of E.On Climate & Renewables North America, LLC at 3 ("the definition of generator interconnection facilities should be refined to provide that it includes facilities 'to the point of interconnection *where there is a change in ownership* with the host transmission owner's *interconnection or transmission facilities, as applicable.*' (Revisions shown in italics.) This refinement will ensure that the modified Reliability Standards impose an obligation on the GO and GOP only with regard to facilities that it owns or operates, which ECRNA understands is the intent of NERC's proposal."); Comments of BP Wind Energy North America Inc. at 10 ("a generator may own facilities from the generator's step-up transformer but only a portion of the generator tie line that extends from the step-up transformer to the POI, with the host transmission owner owning the last few miles of the line up to the POI. In such cases, the generator should not be responsible for complying with or adhering to NERC reliability requirements with respect to any portion of the generation interconnection facilities that the generator does not own or operate.").

own or operate.<sup>11</sup> Thus, the Reliability Standards only impose an obligation on a Generator Owner or Generator Operator with regard to facilities that it *owns* or *operates*. Thus, there is no ambiguity in this respect and no need for any change to the proposed Standards.

2. A Formal Definition of the Term “Generator Interconnection Facility” Should be Pursued Only Through the Standard Development Process and was Explicitly Rejected by the Standard Drafting Team

Several commenters support the incorporation of a formal definition of the term “generator interconnection facility” into the NERC Glossary of Terms.<sup>12</sup> NERC respectfully submits that there is a process for developing a defined term provided in Section 5 of the NERC Standard Processes Manual.<sup>13</sup>

- Anyone can use a Standard Authorization Request (“SAR”) to submit a request to add, modify, or retire a defined term.
- Anyone can submit a Standards Comments and Suggestions Form recommending the addition, modification, or retirement of a defined term. (The suggestion would be added to a project and incorporated into a SAR.)

In addition, a standard drafting team may propose to add, modify, or retire a defined term in conjunction with the work it is already performing. In this instance, the Project 2010-07 standard drafting team explicitly considered this issue and rejected a formal definition for this term.

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<sup>11</sup> See NERC Rules of Procedure at Appendix 5B. While it is possible for entities, including Generator Owners and Generator Operators, to voluntarily assume responsibilities for compliance on behalf of others, that is not relevant to the concerns expressed by commenters, which appear to relate to an involuntary expansion of responsibilities.

<sup>12</sup> See, e.g., Comments of the Bonneville Power Administration at 3 (“Use of an undefined term in a Reliability Standard leaves applicability of the standard open to multiple interpretations and over whether a Reliability Standard applies to a particular entity. The Commission should order NERC to devise a definition of this term for the NERC Glossary.”).

<sup>13</sup> Available at: [http://www.nerc.com/pa/Stand/Resources/Documents/Appendix\\_3A\\_StandardsProcessesManual.pdf](http://www.nerc.com/pa/Stand/Resources/Documents/Appendix_3A_StandardsProcessesManual.pdf).

A few commenters did not support the use of the term “generator interconnection Facility” without a formal definition. Based on comments received elsewhere in this project, the SDT has avoided the creation of new NERC glossary terms, and has received significant industry support for that strategy. While it is possible that other language could have been used, the SDT believes the reference “generator interconnection Facility” is clear.<sup>14</sup>

Given that this issue was expressly considered by the standard drafting team during the standard development process, NERC requests that the Commission reject this suggestion. If entities believe that there should be a formal definition of the term “generator interconnection facility,” they should pursue such a definition through the established and Commission-approved NERC standard development process.<sup>15</sup>

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<sup>14</sup> See Consideration of Comments, Generator Requirements at the Transmission Interface Project 2010-07: PRC-005-1.1a, available at: [http://www.nerc.com/pa/Stand/Project%202007%202010%20GOTO%20Project%20DL/Comment\\_Report\\_2010-07\\_PRC-005-1.1a\\_041612\\_.pdf](http://www.nerc.com/pa/Stand/Project%202007%202010%20GOTO%20Project%20DL/Comment_Report_2010-07_PRC-005-1.1a_041612_.pdf).

<sup>15</sup> See *Revision to Electric Reliability Organization Definition of Bulk Electric System*, 133 FERC ¶ 61,150, order on rehearing, 134 FERC ¶ 61,210 (2011).

### **III. CONCLUSION**

For the reasons stated above, NERC respectfully requests that the Commission issue an order consistent with the comments herein.

Respectfully submitted,

*/s/ Stacey Tyrewala*

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**July 9, 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 9th day of July, 2013.

/s/ Stacey Tyrewala

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