

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

Regional Reliability Standards)
VAR-002-WECC-2 and VAR-501-WECC-2)

Docket No. RD15-1-000

COMMENTS OF DOMINION RESOURCES SERVICES, INC.

Pursuant to the Notice of Combined Filings #2 issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) on December 16, 2014 in the above captioned proceeding, Dominion Resources Services, Inc., (“DRS” or “Dominion”), on behalf of: Virginia Electric and Power Company, doing business as Dominion Virginia Power; Dominion Nuclear Connecticut, Inc.; Dominion Energy Manchester Street, Inc.; Dominion Energy Marketing, Inc.; and Fairless Energy, LLC (collectively, “Dominion affiliates”), hereby submits the following comments regarding the North American Electric Reliability Corporation (“NERC”)’s petition to establish Regional Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2.¹

I. NOTICES AND COMMUNICATIONS

Notices and communications related to this filing should be directed to the following:

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II. COMPANY BACKGROUND

Dominion Resources, Inc. (“DRI”) is a public utility holding company under the Public Utility Holding Company Act of 2005 and is the parent of several subsidiaries. DRI’s subsidiaries include a fully integrated electric utility and providers of wholesale electricity, transportation of natural gas, and related services to customers in the Mid-Atlantic, Midwest, and Northeast regions of the United States.

¹ *Joint Petition for Approval of Proposed Regional Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2*, Docket No. RD15-1-000 (Dec. 15, 2014) (NERC Petition).

DRI's subsidiaries' portfolio consists of approximately 28,000 megawatts of power generation, 6,000 miles of electric transmission, 6.3 trillion cubic feet equivalent of proved natural gas reserves, 7,800 miles of natural gas pipeline, and the nation's largest natural gas storage system with about 950 billion cubic feet of storage capacity, and a LNG-import terminal. DRS provides various management services to DRI affiliates.

III. BACKGROUND

The Commission approved the continent-wide VAR-002-1 standard on March 16, 2007.² The Standard requires Generator Operators to operate in automatic voltage control mode, to maintain generator voltage or reactive power output as directed by the Transmission Operator, and to notify the Transmission Operator of a change in status or capability of any generator reactive power resource. On June 8, 2007, the Commission approved eight WECC regional Reliability Standards, including WECC-VAR-STD-002a-1 and WECC-VAR-STD-002b-1.³ In 2011, the Commission approved revisions to both of these Standards in Order No. 751 and re-designated the regional standards as VAR-002-WECC-1 and VAR-501-WECC-1.⁴

On March 15, 2012 the Commission issued an order, among other things, approving NERC's Find, Fix, Track program.⁵ Paragraph 81 of the Order contemplated a review by NERC of Requirements that pose a lesser risk to the Bulk-Power System or are redundant for retirement consideration. Among other Standards and Requirements, NERC's review identified Requirement R2 of both VAR-002-WECC-1 and VAR-501-WECC-1 as potential retirement candidates. Review of the standards were taken up by WECC's Standard Development Process because they are regional standards. NERC's Board of Trustees

² *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 FR 16,416, FERC Stats. & Regs. ¶ 31,242, at P 1884, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

³ *N. Am. Elec. Reliability Corp.*, 119 FERC ¶ 61,260 (2007).

⁴ *Version One Regional Reliability Standards for Facilities Design, Connections, and Maintenance; Protection and Control; Voltage and Reactive*, 135 FERC ¶ 61,061 (2011).

⁵ *Order Accepting with Conditions the Electric Reliability Organization's Petition Requesting Approval of New Enforcement Mechanisms and Requiring Compliance Filing*, 138 FERC ¶ 61,193 (2012).

approved the two WECC proposed regional standards on November 13, 2014. NERC then filed its petition with the Commission on December 15, 2014 seeking approval of the two proposed regional standards, the associated Implementation Plan, and retirement of the two requirements identified in the Paragraph 81 review project.⁶

IV. EXECUTIVE SUMMARY

Dominion does not oppose NERC's Petition but files these comments to express concerns that the proposed regional standards do not include a waiver or variance from the "equivalent" continent-wide standard or are not incorporated as specific requirements (applicable only within that region) into the continent-wide standard. Dominion also does not believe that the WECC regional standards are more stringent than the current continent-wide standard and thus should not be approved.

V. DOMINION'S COMMENTS

Dominion is aware that the Regional Reliability Standards in question are only applicable to Generator Operators ("GOP") and Transmission Operators ("TOP") in WECC. While Dominion is currently not registered in this region, we are raising larger concerns about regional Reliability Standards and their interaction with "equivalent" continent-wide standards in general.

A. MORE STRINGENT REQUIREMENT

In Order No. 672,⁷ the Commission addressed regional differences and potential regional Reliability Standards. The Commission stated that it would accept two types of regional standards: (1) those in which "a regional difference [that] is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power

⁶ NERC Petition at 2 (stating that the requirements were unnecessary because a violation of these would pose a lesser risk to the Bulk-Power System's reliability).

⁷ *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, order on reh'g, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

System.”⁸ Dominion believes that the requirements of the continent-wide standard (VAR-002-3) are either more stringent than WECC’s proposed regional requirement or is unable to determine which requirement (regional or continent-wide) is the more stringent and thus seeks guidance from the Commission before the proposed regional standard is approved.

1. VAR-002-WECC-2

According to NERC’s petition, VAR-002-WECC-2 is designed to ensure that automatic voltage regulators (“AVR”) on synchronous generators and condensers are kept in service and controlling voltage.⁹ NERC stated in its petition that the regional standard is more stringent than the continent-wide one “because it sets only limited circumstances for when a generator’s automatic voltage regulator should be operated in a mode other than the voltage control mode and further limits the cumulative time frame for doing so.”¹⁰

It is important to note that NERC’s proposed VAR-002-WECC-2 Requirement R1 requires AVR to only be in-service 98% of the operating hours whereas the continent-wide standard requires GOPs to operate with AVR in service for all hours unless or in a different control mode as instructed by the TOP unless: (1) the generator is exempted by the TOP, or 2) the GOP has notified the TOP of one of the following: (a) that the generator is being operated in start-up, shutdown, or testing mode pursuant to a real-time communication or a procedure that was previously provided to the TOP; or (b) that the generator is not being operated in automatic voltage control mode or in the control mode that was instructed by the TOP for a reason other than start-up, shutdown, or testing. Dominion believes that VAR-002-3 R1 is more stringent than VAR-002-WECC-2 R1 as it requires the GOP to operate with AVR in service 100% of the time unless it has been instructed by the TOP to operate in a different manner, whereas the requirement for the regional standard is 98% of the hours. Given this, Dominion asks for

⁸ *Id.* at P 262.

⁹ NERC Petition at 2.

¹⁰ NERC Petition Exhibit C – Order No. 672 Criteria at p. 2.

guidance from the Commission by requesting that, if VAR-002-WECC-2 receives FERC approval, the commission make clear that the GOP can deem the exclusions in R1.1 through R1.10 in the regional standard to be the equivalent of being exempted by the TOP as allowed in the continent-wide standard VAR-002-3 R1.

2. VAR-501-WECC-2

NERC's petition stated that VAR-501-WECC-2 is designed to ensure that power system stabilizers ("PSS") on synchronous generators are kept in service.¹¹ NERC believes that this regional standard is more stringent than the continent-wide standard because it does not believe that there is a corresponding NERC Standard for PSS.¹² NERC's petition stated that WECC Standard VAR-501-WECC-2 Requirement R1 requires PSS to be in-service only 98% of the operating hours. However, again the continent-wide standard (VAR-002-3 R3) requires the GOP to notify its associated TOP of a status change on the PSS within 30 minutes of the change. Thus, again, Dominion believes that the continent-wide Reliability Standard is more stringent than VAR-501-WECC-2 as it requires the GOP to notify the TOP of *any* status change to the PSS. Given this, Dominion again seeks guidance from FERC by requesting that, if VAR-501-WECC-2 receives FERC approval, that the Commission make clear that the GOP can apply the exclusions listed in R1.1 through R1.12 when determining its compliance with VAR-002-3 R1 and R3.

B. Waiver or Variance from Continent-Wide Standard

This is not the first time that Dominion has filed comments seeking guidance or clarification from the Commission regarding regional standards and their compliance requirement in relation to "equivalent" continent-wide standards.¹³ In NERC's Order No. 763 compliance filing it stated that entities must be compliant with both the continent-wide PRC-006 Standard and also the regional standard proposed by

¹¹ NERC Petition at 2.

¹² NERC Petition Exhibit C – Order No. 672 Criteria at p. 2.

¹³ See, *Motion to Intervene and Comments of Dominion Resources Services, Inc.*, Docket No. RM11-20-000 (Sept. 7, 2012) (describing concerns with being in compliance with both PRC-006-1 and PRC-SERC-006-1).

SERC.¹⁴ As previously stated in other proceedings and reiterated here, Dominion is concerned that a company may not implement the proper compliance process when trying to comply with both a regional standard and a continent-wide one. To avoid the potential dilemma of improper compliance or uncertainty as to which standard is in fact more stringent, Dominion recommends that the Commission consider implementation of a waiver or variance from a continent-wide standard when there is a regional standard that addresses the same subject matter.

VI. CONCLUSION

The Commission should reject NERC's proposed regional Reliability Standards as they do not meet the Commission's requirements for appropriate regional Reliability Standards as they are not in fact more stringent than the currently effective continent-wide standard or, in the alternative, consider allowing for a waiver or variance from continent-wide standards when a regional standard is approved.

Respectfully submitted,

/s/ Cheri. M. Yochelson

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¹⁴ *Compliance Filing of the North American Electric Reliability Corporation in Response to Order No. 763 on Automatic Underfrequency Load Shedding and Load Shedding Plans Reliability Standards*, Docket No. RM11-20-000 at pp. 5-6 (Aug. 9, 2012).

CERTIFICATE OF SERVICE

I hereby certify that I have on this the 15th day of January 2015, caused the foregoing motion to intervene and comment to be sent by electronic mail or first class mail as appropriate to all parties on the list compiled by the Secretary in this proceeding.

/s/ Cheri M. Yochelson _____

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