

151 FERC ¶ 61,186  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 29, 2015

In Reply Refer To:  
North American Electric  
Reliability Corporation  
Docket No. RD15-3-000

Holly A. Hawkins  
Associate General Counsel  
1325 G Street, NW  
Suite 600  
Washington, DC 20005

Reference: Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standards PRC-004-2.1(i)a, PRC-004-4, PRC-005-2(i), PRC-005-3(i), and VAR-002-4.

Dear Ms. Hawkins:

1. On February 6, 2015, the North American Electric Reliability Corporation (NERC) submitted a petition seeking approval of Reliability Standards PRC-004-2.1(i)a (Analysis and Mitigation of Transmission and Generation Protection System Misoperations), PRC-004-4 (Protection System Misoperation Identification and Correction), PRC-005-2(i) (Protection System Maintenance), PRC-005-3(i) (Protection System and Automatic Reclosing Maintenance), and VAR-002-4 (Generator Operation for Maintaining Network Voltage Schedules), pursuant to section 215(d) of the Federal Power Act (FPA).<sup>1</sup> On March 13, 2015, NERC submitted a supplemental petition seeking approval of three additional Reliability Standards: PRC-001-1.1(ii) (System Protection Coordination), PRC-019-2 (Coordination of Generating Unit or Plant Capabilities, Voltage Regulating Controls, and Protection), and PRC-024-2 (Generator Frequency and Voltage Protective Relay Settings). NERC states that it has modified the Reliability Standards to adjust the applicability to owners of dispersed generation

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<sup>1</sup> 16 U.S.C. § 824o(d) (2012).

resources.<sup>2</sup> On May 8, 2015, NERC submitted errata to the February 6 petition, modifying the implementation plans for PRC-005-2(i) and PRC-005-3(i) to properly sequence the version numbering and effective dates for PRC-005-2(i) and PRC-005-3(i) to ensure that the implementation of these Reliability Standards carries forth the intention of the standard drafting team responsible for development. The errata clarifies that PRC-005-2(i) should become effective concurrently with or after the effective date of PRC-005-2, and that PRC-005-3(i) should become effective concurrently with or after the effective date of PRC-005-3.

2. The Commission-approved definition of “bulk electric system,” inclusion I4, provides:

Dispersed power producing resources that aggregate to a total capacity greater than 75 MVA (gross nameplate rating), and that are connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage of 100 kV or above.

Thus, under inclusion I4, the elements designated as bulk electric system are: (i) the individual resources; and (ii) the system designed primarily for delivering capacity from the point where those resources aggregate to greater than 75 MVA to a common point of connection at a voltage of 100 kV or above.

3. In its Petition, NERC states it revised certain provisions of the identified Reliability Standards to ensure that only those dispersed generation resources that could affect the reliability of the Bulk-Power System are subject to the standards. NERC provides a detailed description of the standard drafting team considerations for each reviewed Reliability Standard, which is further discussed in a “draft white paper.”<sup>3</sup>

4. NERC explains that the design and operational characteristics of dispersed power producing resources are different than traditional generation. In particular, dispersed power producing resources are typically comprised of many individual generating units and, in most instances the units are similar in design and produced by the same

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<sup>2</sup> See February 6 Petition at 1, fn.4. “Dispersed generation resources as used in this Petition refer to variable generation that depends on a primary fuel source which varies over time and cannot be stored.” See also March 13 Supp. Petition at 2, fn.4.

<sup>3</sup> *Id.* at 10. See also February 6 Petition, Ex. C (Draft Technical White Paper) *Proposed Revisions to the Applicability of NERC Reliability Standards to Dispersed Generation Resources*.

manufacturer. The aggregated capability of the facility may contribute significantly to the reliability of the Bulk-Power System, and therefore, the equipment utilized to aggregate the individual units to a common point of interconnection with the transmission system should be operated and maintained as required by the NERC Reliability Standards subject to these petitions. Thus, NERC proposes to modify each of the identified Reliability Standards to include applicability language in provisions pertaining to generator owners and generator operators of resources identified through inclusion I4 of the bulk electric system definition.

5. The specific Reliability Standard provisions revised by NERC to affect this limitation of applicability consistent with the bulk electric system definition pursuant to inclusion I4 are as follows:

PRC-001-1.1(ii), Requirement R3;

PRC-004-2.1(i)a Requirements R2 and R3, and PRC-004-4, all requirements;<sup>4</sup>

PRC-005-2(i) and PRC-005-3(i), all requirements;

PRC-019-2, all requirements;

PRC-024-2, Requirements R1 and R2; and

VAR-002-4, Requirements R4 and R5.

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<sup>4</sup> NERC explains that it submitted multiple versions of Reliability Standards PRC-004 and PRC-005 in order to include dispersed generation provisions in both: (1) the currently effective version of each standard; and (2) the previously modified version of each standard that was pending before the Commission at the time NERC submitted its petition in the immediate docket. Since the submission of NERC's petition in this docket, the Commission approved the pending Reliability Standards, PRC-004-3 and PRC-005-3. *See Protection System Maintenance Reliability Standard, Order No. 803, 150 FERC ¶ 61,039 (2015) (approving PRC-005-3); North American Electric Reliability Corp., 151 FERC ¶ 61,129 (2015) (approving PRC-004-3).* In the immediate proceeding, we approve the requested modifications to both the currently effective standard, and the approved but not yet effective version of the standard, to ensure continuity in the application of the provisions pertaining to dispersed generation.

6. NERC states Reliability Standard PRC-001-1.1 is designed to ensure that system protection is coordinated among operating entities.<sup>5</sup> Proposed PRC-001-1.1(ii) reflects changes made to the currently-effective PRC-001-1.1.

7. NERC states currently-effective Reliability Standard PRC-004-2.1a is designed to ensure that all transmission and generation protection system misoperations affecting the reliability of the bulk electric system are analyzed and mitigated.<sup>6</sup> NERC states the proposed PRC-004-2.1(i)a reflects changes made to the currently-effective Reliability Standard PRC-004-2.1a. Proposed PRC-004-4 reflects changes made to Reliability Standard version PRC-004-3.<sup>7</sup>

8. NERC states that the purpose of PRC-005-3 is to document and implement programs for the maintenance of all protection systems and automatic reclosing affecting the reliability of the bulk electric system so that they are kept in working order and the proposed PRC-005-3(i) reflects changes to PRC-005-3. NERC explains the revisions included in PRC-005-2(i) and PRC-005-3(i) are necessary to ensure the proposed changes will continue to be carried forward while the versions of this Reliability Standard are being enhanced to ensure the reliability of the Bulk-Power System.<sup>8</sup> NERC Reliability Standard PRC-005-2 became enforceable on April 1, 2015.<sup>9</sup> NERC states the proposed PRC-005-2(i) reflects changes to PRC-005-2. Reliability Standard PRC-005-3 becomes effective April 1, 2016.<sup>10</sup>

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<sup>5</sup> See *North American Electric Reliability Corp.*, 138 FERC ¶ 61,095 (2012) (approving PRC-001-1.1).

<sup>6</sup> See *Generator Requirements at the Transmission Interface*, Order No. 785, 144 FERC ¶ 61,221 (2012) (approving PRC-004-2.1a and clarifying that the requirements in PRC-004 extend not only to protection systems associated with the generating facility or station, but also to protection systems associated with the generator interconnection facilities).

<sup>7</sup> *North American Electric Reliability Corp.*, 151 FERC ¶ 61,129 (2015) (approving PRC-004-3).

<sup>8</sup> February 6 Petition at 18-19.

<sup>9</sup> *Protection System Maintenance Reliability Standard*, Order No. 793, 145 FERC ¶ 61,253 (2013) (approving PRC-005-2).

<sup>10</sup> *Protection System Maintenance Reliability Standard*, Order No. 803, 150 FERC ¶ 61,039 (2015) (approving PRC-005-3).

9. NERC states that currently-effective Reliability Standard PRC-019-1 is designed to verify coordination of generating unit facility or synchronous condenser voltage regulating controls, limit functions, equipment capabilities and protection system settings.<sup>11</sup>

10. NERC states currently-effective Reliability Standard PRC-024-1 is designed to ensure generator owners set their generator protective relays such that generating units remain connected during defined frequency and voltage excursions.<sup>12</sup>

11. NERC states currently-effective Reliability Standard VAR-002-3 ensures that generators provide reactive support and voltage control within the generating facility capabilities in order to protect equipment and maintain reliable operation of the Interconnection.<sup>13</sup>

12. NERC proposes an implementation plan for each of the revised currently-effective Reliability Standards with each plan having an effective date “immediately after the standard is approved” by the Commission (or similar language). For revisions to Commission-approved Reliability Standards pending implementation, NERC proposes the effective dates of these revised standards should not alter the timing of concurrent standards development of PRC projects.

13. Notice of NERC’s initial petition was issued on February 6, 2015 and published on February 12, with comments, protests and motions to intervene due on or before March 9, 2015. Notice of NERC’s supplemental petition was issued on March 25, 2015 with comments, protests, and motions to intervene due on or before April 9, 2015. Dominion Resources Services, Inc. filed a timely motion to intervene and comments in support of NERC’s Petition.

14. Pursuant to section 215(d)(2) of the FPA, we approve Reliability Standards PRC-001-1.1(ii), PRC-004-2.1(i)a, PRC-004-4, PRC-005-2(i), PRC-005-3(i), PRC-019-2, PRC-024-2, and VAR-002-4 and find that the standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. We also approve the

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<sup>11</sup> *Generator Verification Reliability Standards*, Order No. 796, 146 FERC ¶ 61,213 (2014) (approving PRC-019-1 and PRC-024-1).

<sup>12</sup> Order No. 796, 146 FERC ¶ 61,213 (2014) (approving PRC-019-1 and PRC-024-1).

<sup>13</sup> *North American Electric Reliability Corporation*, Docket No. RD14-11-000 (Aug. 1, 2014) (delegated letter order approving VAR-002-3).

associated implementation plans and effective dates submitted by NERC for each Reliability Standard.

15. The information collection requirements contained in this order are subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.<sup>14</sup> OMB's regulations require approval of certain information collection requirements imposed by agency rules.<sup>15</sup>

16. The revisions to eight Reliability Standards, approved in this order, are designed to clarify the applicability to owners of dispersed power producing resources. These entities comprise a subset of the generator owners in the NERC Compliance Registry. The eight Reliability Standards in this proceeding were previously approved by the Commission. The clarifications align existing responsibilities with current operating practices, and the Commission does not expect it to affect entities' current reporting burden.<sup>16</sup> Accordingly, we will submit this order to OMB for informational purposes only.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>14</sup> 44 U.S.C. § 3507(d) (2012).

<sup>15</sup> 5 C.F.R. 1320.11 (2014).

<sup>16</sup> The reporting requirements for Reliability Standard PRC-004-3, approved by the Commission in Docket No. RD14-14, will be submitted to OMB for review under FERC-725G1. Details on the respondents, filing requirements, and associated burden for the other standards were included in the burden estimates reviewed and approved earlier by OMB.

Document Content(s)

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