

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

In Reply Refer To:
North American Electric
Reliability Corporation
Docket No. RM10-29-000

January 28, 2011

Ms. Holly A. Hawkins
Attorney
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801

Reference: Interpretation of Reliability Standard TOP-001-1 Requirement R8

Dear Ms. Hawkins:

On July 16, 2010, you filed on behalf of the North American Electric Reliability Corporation (NERC) a petition seeking approval for an interpretation of Requirement R8 of NERC Reliability Standard TOP-001-1 – Reliability Responsibilities and Authorities. Requirement R8 of the standard provides:

During a system emergency, the Balancing Authority and Transmission Operator shall immediately take action to restore the Real and Reactive Power Balance. If the Balancing Authority or Transmission Operator is unable to restore Real and Reactive Power Balance it shall request emergency assistance from the Reliability Coordinator. If corrective action or emergency assistance is not adequate to mitigate the Real and Reactive Power Balance, then the Reliability Coordinator, Balancing Authority, and Transmission Operator shall implement firm load shedding.

You state that the request for interpretation was made by Florida Municipal Power Pool (FMPP) and centers on the responsibilities of Balancing Authorities and Transmission Operators during a system emergency. Specifically, FMPP requested clarification on several aspects of Requirement R8 as described below:

Balancing real power is not a function of a [Transmission Operator] and balancing reactive power is not a function of a [Balancing Authority]. For Requirement R8 is the Balancing Authority responsibility to immediately take corrective action to restore Real Power Balance and is the [Transmission Operator] responsibility to immediately take corrective action to restore Reactive Power Balance?

NERC's Real Time Operations Standard Drafting Team responded as follows:

The answer to both questions is yes. According to the NERC Glossary of Terms Used in Reliability Standards, the Transmission Operator is responsible for the reliability of its "local" transmission system, and operates or directs the operations of the transmission facilities. Similarly, the Balancing Authority is responsible for maintaining load-interchange-generation balance, i.e., real power balance. In the context of this requirement, the Transmission Operator is the functional entity that balances reactive power. Reactive power balancing can be accomplished by issuing instructions to the Balancing Authority or Generator Operators to alter reactive power injection. Based on NERC Reliability Standard BAL-005-1b Requirement R6, the Transmission Operator has no requirement to compute an Area Control Error (ACE) signal or to balance real power. Based on NERC Reliability Standard VAR-001-1 Requirement R8, the Balancing Authority is not required to resolve reactive power balance issues. According to TOP-001- Requirement R3, the Balancing Authority is only required to comply with Transmission Operator or Reliability Coordinator instructions to change injections of reactive power.

Please be advised that to process your filing, the Commission requires additional information, as described below.

1. Under the proposed interpretation, is there any joint responsibility to balance real and reactive power during emergencies? Please identify portions of the development record that may support or oppose joint responsibility.

2. Under NERC's proposed interpretation for TOP-001-1, Requirement R8, please explain whether or to what extent the divided responsibilities produce a reliability gap with respect to communication and coordination of issues and actions. In this regard, the Blackout Report identifies communication and coordination issues as reliability issues.¹ To the extent you believe no reliability gap exists, your answer should identify and explain how other existing reliability standards and requirements ensure such communication and coordination.

This letter is issued pursuant to the authority delegated to the Director – Division of Reliability Standards, Office of Electric Reliability under 18 C.F.R. § 375.303 (2010) and is interlocutory. This order is not subject to rehearing pursuant to 18 C.F.R. § 385.713. A response to this order must be filed within 15 days of the date of this letter. You are encouraged to e-file your responses with the Commission. Instructions for e-filing are provided on the Commission's website at www.ferc.gov/docs-filing/efiling.asp. Otherwise, if you choose to file hard copies, send your response to:

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Irrespective of your filing method, please also provide a copy of your response to:

Eugene Blick
Office of Electric Reliability
888 First Street, N.E.
Washington, D.C. 20426

Any questions regarding this letter should be directed to Eugene Blick at (202) 502-8066 or eugene.blick@ferc.gov.

Sincerely,

Keith O'Neal, Director
Division of Reliability Standards,
Office of Electric Reliability

¹ Final Report on the August 14, 2003 Blackout in the United States and Canada at pages 27, 47 and 49.