

July 7, 2015

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

**Re: Revisions to the Violation Risk Factors for Reliability Standards PRC-004-3, PRC-004-4, and PRC-004-5, Docket Nos. RD14-14-000, RD15-3-000, and RD15-5-000.**

Dear Secretary Bose:

In accordance with the order issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) on May 13, 2015 (“May 13<sup>th</sup> Order”),<sup>1</sup> and Section 320 of the North American Electric Reliability Corporation (“NERC”)<sup>2</sup> Rules of Procedure,<sup>3</sup> NERC submits proposed revisions to the Violation Risk Factors (“VRF”) for Requirements R1 through R6 of Reliability Standards PRC-004-3, PRC-004-4, and PRC-004-5 (*Protection System Misoperation Identification and Correction*) (attached as Exhibit A). On June 22, 2015, the NERC Board of Trustees approved submission of the revised VRFs. These VRF revisions are consistent with the Commission’s directive in the May 13<sup>th</sup> Order. NERC respectfully requests that the Commission approve the revised VRF designations as just, reasonable, not unduly discriminatory or preferential, in the public interest, and compliant with the Commission’s directive.

## I. Background

As initially proposed, Reliability Standards PRC-004-3, PRC-004-4, and PRC-004-5 reflected “medium” VRF designations for Requirements R1 through R6. Support for these VRF designations was

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<sup>1</sup> See *N. Am. Elec. Reliability Corp.*, 151 FERC ¶ 61,129, at PP 2 and 20 (2015) (stating, “For the reasons stated above, we direct NERC to submit a compliance filing within 60 days of issuance of this order that revises the proposed ‘medium’ VRF designations to ‘high.’”) (“May 13<sup>th</sup> Order”). See also, *N. Am. Elec. Reliability Corp.*, 151 FERC ¶ 61,186, at fn. 4 (“May 29<sup>th</sup> Order”) (citing the May 13<sup>th</sup> Order and stating, “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.”)

<sup>2</sup> The Commission certified NERC as the electric reliability organization (“ERO”) in accordance with Section 215 of the FPA on July 20, 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006).

<sup>3</sup> NERC *Rules of Procedure*, Section 320 (effective March 19, 2015), available at <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.

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included in Exhibit F of NERC’s petition seeking approval of Reliability Standard PRC-004-3.<sup>4</sup> Reliability Standards PRC-004-4 and PRC-004-5 adopted the VRFs proposed for PRC-004-3 on the basis that the revisions submitted in versions 4 and 5 of the standard did not give rise to modification of the VRFs.<sup>5</sup>

In the May 13<sup>th</sup> Order, the Commission approved Reliability Standard PRC-004-3, two new defined terms for the NERC Glossary of Terms, the implementation plan for Reliability Standard PRC-004-3, and the Violation Severity Levels (“VSLs”) for the Reliability Standard.<sup>6</sup> In addition, the Commission directed NERC to submit a compliance filing, within 60 days of the issuance of the May 13<sup>th</sup> Order, to revise the VRF designations for Requirements R1 through R6 of Reliability Standard PRC-004-3 from “medium” to “high.”<sup>7</sup> As the VRF designations for Reliability Standards PRC-004-4 and PRC-004-5 adopted the designations in Reliability Standard PRC-004-3, the May 13<sup>th</sup> Order’s directive also necessitated review of conforming revisions to the VRFs for versions 4 and 5 of the standard.

## II. Proposed VRF Revisions

Upon issuance of the May 13<sup>th</sup> Order, NERC re-examined VRF designations for versions 3, 4, and 5 of PRC-004, pursuant to Section 320 of the NERC Rules of Procedure. The NERC director of standards recommended that the NERC Board of Trustees approve the Commission directed revisions to the VRFs for PRC-004. On June 22, 2015, the NERC Board of Trustees approved submission of the revised VRFs for Reliability Standards PRC-004-3, PRC-004-4, and PRC-004-5, reflected in Exhibit A. Therefore, consistent with the Commission’s directive in the May 13<sup>th</sup> Order, NERC is proposing to modify the VRFs for Requirements R1 through R6 of Reliability Standards PRC-004-3, PRC-004-4, and PRC-004-5.

## III. Conclusion

For the foregoing reasons, NERC respectfully requests that the Commission accept this filing and approve the proposed VRF revisions, as just, reasonable, not unduly discriminatory or preferential, in the public interest, and compliant with the May 13<sup>th</sup> Order.

<sup>4</sup> *Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard PRC-004-3*, Docket No. RD14-14-000, at Exhibit F (filed Sept. 15, 2014).

<sup>5</sup> *See, 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*, Docket No. RD15-3-000, at Section V (filed Feb. 6, 2015); and *Petition of the North American Electric Reliability Corporation For Approval Of Proposed Reliability Standards PRC-004-5 And PRC-010-02*, Docket No. RD15-5-000, at Section IV.C. (filed June 8, 2015) (including NERC’s note that it was examining the VRF designations assigned, consistent with the May 13<sup>th</sup> Order).

<sup>6</sup> *See*, May 13<sup>th</sup> Order, at P 2.

<sup>7</sup> *Id.*, at P 20.

Respectfully submitted,

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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 lists compiled by the Secretary in Docket Nos. RD14-14-000, RD15-3-000, RD15-5-000.

Dated at Washington, D.C. this 7<sup>th</sup> day of July, 2015.

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