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

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**Docket No. RR06-1-000**

**QUARTERLY REPORT OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
REGARDING  
ANALYSIS OF RELIABILITY STANDARDS VOTING RESULTS  
JANUARY – MARCH 2009**

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## **I. INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”)<sup>1</sup> submits its first quarter 2009 report on the analysis of voting results for Reliability Standards. This filing is submitted in response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) January 18, 2007 Order<sup>2</sup> that requires NERC to closely monitor and report to the Commission the voting results for NERC Reliability Standards each quarter for three years. This first quarter 2009 report covers balloting results during January 1, 2009 – March 31, 2009 and includes NERC’s analysis of the voting results, including trends and patterns of stakeholder approval of NERC Reliability Standards.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to:

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<sup>1</sup> NERC has been certified by the Commission as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. The Commission certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006).

<sup>2</sup> *Order on Compliance Filing*, 118 FERC ¶ 61,030 at P 18 (2007).

### **III. BACKGROUND**

NERC develops Reliability Standards in accordance with Section 300 of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which is Appendix 3A to the Rules of Procedure.<sup>3</sup> In order for an entity or individual to vote on a proposed Reliability Standard, the individual or entity must join the registered ballot body, which includes all entities or individuals that qualify for one of ten stakeholder segments and have registered with NERC as potential voting participants. Each member of the registered ballot body is eligible to participate in the voting process and ballot pool for each standard action. The ten stakeholder segments are:

- Transmission Owners
- Regional Transmission Organizations (“RTOs”) and Independent System Operators (“ISOs”)
- Load-Serving Entities (“LSEs”)
- Transmission Dependent Utilities (“TDUs”)
- Electric Generators
- Electricity Brokers, Aggregators, and Marketers
- Large Electricity End Users
- Small Electricity Users
- Federal, State, and Provincial Regulatory or other Government Entities
- Regional Reliability Organizations and Regional Entities

Each standard action has its own ballot pool, populated by interested members of the registered ballot body. The individuals who join a ballot pool respond to a pre-ballot e-mail announcement associated with each Reliability Standard ballot action. The ballot pool votes to approve or reject each standard action. Specifically, the ballot pool votes determine: first, the need for and technical merits of a proposed standard action; and second, that appropriate consideration of views and objections received during the development process was undertaken.

The *Reliability Standards Development Procedure* process includes three types of ballots: an initial ballot, a recirculation ballot, and a re-ballot. If an initial ballot achieves a quorum, but

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<sup>3</sup> Version 6.1 of the *Reliability Standards Development Procedure* is the latest Commission-approved version.

includes any negative ballots submitted with comments on the proposed standard action, then a recirculation ballot must be conducted. If an initial ballot does not achieve a quorum, then a re-ballot is conducted using the same ballot pool, but with an extended ballot window.

Approval of a standard action requires both:

- A quorum, which is established by at least 75% of the members of the ballot pool for the standard action submitting a response with an affirmative vote, a negative vote, or an abstention; and
- A two-thirds majority of the weighted segment votes cast must be affirmative. The number of votes cast is the sum of affirmative and negative votes, excluding abstentions and non-responses.

The following process is used to determine if there are sufficient affirmative votes:

- The number of affirmative votes cast in each segment is divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each segment. Abstentions and non-responses are not counted for the purposes of determining the fractional affirmative vote for a segment.
- If there are less than ten entities that vote in a segment, the vote weight of that segment is proportionally reduced. Each voter within that segment voting affirmative or negative receives a weight of 10% of the segment vote. For segments with ten or more voters, the regular voting procedures are followed.
- The sum of the fractional affirmative votes from all segments divided by the number of segments voting<sup>4</sup> is used to determine if a two-thirds majority affirmative vote has been achieved. (A segment is considered as “voting” if any member of the segment in the ballot pool casts either an affirmative or a negative vote.)
- A standard is approved if the sum of fractional affirmative votes from all segments divided by the number of voting segments is greater than two-thirds.

#### **IV. SUMMARY OF BALLOTS DISCUSSED IN THIS REPORT**

NERC conducted eight ballots from January 1, 2009 – March 31, 2009, each undertaken using the NERC *Reliability Standards Development Procedure*. These eight ballots can be grouped into six distinct groups of ballot events as follows:

- VSL Revisions for TOP-004-2 — Transmission Operations – One (1) Initial Ballot and One (1) Recirculation Ballot
- Interpretation of CIP-006-1a Requirement R4 for the US Army Corps of Engineers – One (1) Initial Ballot and One (1) Recirculation Ballot
- Interpretation of VAR-002-1a for ICF Consulting – One (1) Recirculation Ballot

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<sup>4</sup> When less than ten entities vote in a segment, the total weight for that segment is determined as one tenth per entity voting.

- MOD-030-2 — Flowgate Methodology – One (1) Recirculation Ballot
- Revised interpretation of EOP-001-0 Requirement R1 for the Regional Entity Compliance Managers – One (1) Initial Ballot
- Interpretation of TOP-005-1 Requirement R3 and IRO-005-1 Requirement R12 for Manitoba Hydro – One (1) Initial Ballot

All of the ballot events achieved a quorum, and each of the initial ballots received at least one negative ballot with comments, initiating the need for a recirculation ballot. The recirculation ballots for the revised interpretation of EOP-001-0 Requirement R1 for the Regional Entity Compliance Managers and the interpretation of TOP-005-1 Requirement R3 and IRO-005-1 Requirement R12 for Manitoba Hydro were not completed during the first quarter 2009. All four recirculation ballots that were conducted received enough votes to achieve the two-thirds weighted segment industry consensus required for approval.

No instance occurred where a proposed Reliability Standard or interpretation was disapproved by the ballot pool and thereafter a less stringent version was approved in a subsequent ballot. The discussion of the detailed ballot results for each ballot event in the first quarter 2009 is contained in **Exhibit A** to this filing.

Respectfully submitted,

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## EXHIBIT A:

### Analysis of 1st Quarter 2009 Reliability Standards Balloting Results

#### Introduction

On January 18, 2007, the Federal Energy Regulatory Commission (“Commission” or “FERC”) issued its *Order on Compliance Filing* (“January 18 Order”),<sup>5</sup> acting on a compliance filing by the North American Electric Reliability Corporation (“NERC”) in response to the Commission’s Order certifying NERC as the nation’s Electric Reliability Organization (“ERO”) under Section 215 of the Federal Power Act.<sup>6</sup> The January 18 Order requires NERC to closely monitor the voting results for reliability standards and to report to the Commission quarterly for three years NERC’s analysis of the voting results, including trends and patterns that may signal a need for improvement in the voting process. In its compliance filing in response to the January 18 Order, NERC stated it would file its initial quarterly report with the Commission for the first quarter of 2007 and would submit subsequent quarterly filings for the next three years. This is the first quarterly report for 2009 on the analysis of voting results for reliability standards.

#### Background

The *NERC Reliability Standards Development Procedure* process is administered by action of the NERC Standards Committee. The Standards Committee officially approves the scope and purpose of standards authorization requests, appoints standard drafting teams to develop standards, authorizes field tests of proposed standards when necessary, and approves the proposed standards for ballot. The goal of the *Reliability Standards Development Procedure* process is to gain industry consensus on the need for, and technical sufficiency of, proposed standards. Consensus is primarily established through various formal industry comment periods designed to obtain stakeholder input on the proposed standards. However, interpretations to NERC Reliability Standards proceed directly to the ballot phase as described in the *Reliability Standards Development Procedure* without the opportunity for an industry comment period.

The members of the registered ballot body, comprising entities or individuals registered in one of ten stakeholder segments, must specifically request to be included in the ballot pool for a standard or interpretation ballot event. Any entity or interested individual may become a member of the registered ballot body, but only the ballot pool members are allowed to vote on the proposed standard or interpretation once the balloting begins. If the ballot pool approves a proposed standard or interpretation as described below, the standard or interpretation is presented to the NERC Board of Trustees for its approval and subsequent filing with the Commission and applicable governmental authorities in Canada.

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<sup>5</sup> *Order on Compliance Filing*, 118 FERC ¶ 61,030 (2007).

<sup>6</sup> *North American Electric Reliability Council and North American Electric Reliability Corporation, “Compliance Filing of the North American Electric Reliability Council and the North American Electric Reliability Corporation Addressing Non-Governance Issues,” Docket No. RR06-1-000* (October 18, 2006).

The NERC *Reliability Standards Development Procedure* provides for three different types of ballots — an initial ballot, a recirculation ballot and a re-ballot. To “pass,” a ballot must achieve a quorum (at least 75% of the members of the ballot pool must return a ballot) **and** must receive an affirmative vote that is at least two-thirds of the weighted segment average of all ballots returned with a vote.

- If a ballot achieves a quorum but includes any negative ballots submitted with comments, then a recirculation ballot must be conducted.
- If a ballot does not achieve a quorum, then a re-ballot is conducted using the same ballot pool, but with an extended ballot window.

There were eight ballots conducted during the first quarter of 2009, as shown in the table below; four were initial ballots, and four were recirculation ballots. The ballots are discussed below as six distinct groups of “ballot events.”



Ballot Event #	Ballot Name	Initial Ballot Dates	Recirculation Ballot Dates	Ballot Pool Size	Total # of Votes	Quorum	Weighted Segment Approval
1	VSL Revisions for TOP-004-2 — Transmission Operations	1/5/2009 - 1/14/2009		216	197	91.20	93.93
			1/28/2009 - 2/6/2009	216	200	92.59	96.06
2	Interpretation of CIP-006-1a Requirement R4 for the US Army Corps of Engineers	1/5/2009 - 1/14/2009		226	206	91.15	97.39
			2/6/2009 - 2/16/2009	226	212	93.81	99.12
3	Interpretation of VAR-002-1a for ICF Consulting		1/6/2009 - 1/15/2009	211	193	91.47	91.21
4	MOD-030-2 — Flowgate Methodology		1/20/2009 - 1/29/2009	191	164	85.86	86.39
5	Revised interpretation of EOP-001-0 Requirement R1 for the Regional Entity Compliance Managers	2/27/2009 - 3/9/2009		184	165	89.67	89.03
6	Interpretation of TOP-005-1 Requirement R3 and IRO-005-1 Requirement R12 for Manitoba Hydro	3/19/2009 - 3/30/2009		225	202	89.78	92.62

## **Discussion of First Quarter 2009 Ballot Events**

**The first ballot event in the 1st quarter of 2009** consisted of an initial and recirculation ballot for revisions to the Violation Severity Levels (“VSLs”) for standard TOP-004-2 — Transmission Operations.

The proposed VSLs support changes to TOP-004-1 requirements that were approved as part of the FAC-010-1, FAC-011-1 and FAC-014-1 project. The text of Requirement R3 in TOP-004-1 was modified in TOP-004-2. The language in the proposed VSLs has been updated to match the modified requirement language. TOP-004-1 Requirements R6.1 and R6.5 were eliminated in standard TOP-004-2, and sub-requirements R6.1 to R6.6 have been renumbered to R6.1 to R6.4 as a result. The language in the proposed VSLs has been updated to reflect renumbering of the sub-requirements.

The initial ballot was conducted from January 5, 2009 – January 14, 2009 and achieved a quorum of 91.20% with a weighted affirmative approval of 93.93%. There were 14 negative ballots submitted for the initial ballot, and 7 of those ballots included a comment, which initiated the need for a recirculation ballot. The recirculation ballot was conducted from January 28, 2009 – February 6, 2009 and achieved a quorum of 92.59% with a weighted affirmative approval of 96.06%. There were 11 negative ballots submitted for the recirculation ballot, and 6 of those ballots included a comment.

The reasons cited for the negative ballots included the following:

- Six balloters suggested that the main Requirement R6 should contain VSLs, and that the sub-requirements for Requirement R6 should not contain VSLs. For example, four balloters from one entity believed an overlap exists between the VSLs for Requirement R6 and Requirements R6.1 and R6.4 that could possibly cause a Transmission Operator to be sanctioned twice or more (“double jeopardy”) for the same non-compliance finding. The balloters cited the text of the VSL for R6 – “... but failed to include one of the elements listed in TOP-004-2 R6.1 through R6.4” – and stated that Requirements R6.1 and R6.4 each have VSLs for non-compliance. The balloters suggested coordinating the VSLs for R6 and the associated sub-requirements to ensure a Transmission Operator would only be sanctioned once if found non-compliant with that requirement group. Other balloters also suggested rewriting the requirements. The drafting team explained in its response to initial ballot comments document that this proposed change to the VSLs is outside the scope of the project.
- One balloter disagreed with the language of R6, specifically the inclusion of “but failed to include other Transmission Operators in the development of said policies and procedures.” The balloter explained instances could exist where it is appropriate to create such policies and procedures without including other Transmission Operators, which should not necessarily be a violation of any severity level. The drafting team explained in its response to initial ballot comments that the project scope did not include language changes and was limited to changing the sub-requirement numbers and references to those numbers.

**The second ballot event in the 1st quarter of 2009** consisted of an initial and recirculation ballot for the interpretation of CIP-006-1a – Cyber Security — Physical Security of Critical Cyber Assets Requirement R4 for the US Army Corps of Engineers.

The US Army Corps of Engineers requested an interpretation to clarify requirements for monitoring and logging physical access referenced in Requirement R4. The request included two questions. The first question asked if physical access control to cyber assets included monitoring when an individual leaves the controlled access cyber area. The second question asked if “time of access” included “logging the entry/exit time and ‘length’ of time the person had access to the critical asset.” The interpretation provided the following clarifications:

- The requirement applies only to ingress.
- “Time of access” refers only to the time an authorized individual enters the physical security perimeter.

The initial ballot was conducted from January 5, 2009 – January 14, 2009 and achieved a quorum of 91.15% with a weighted affirmative approval of 97.39%. There were 5 negative ballots submitted for the initial ballot, and 3 of those ballots included a comment, which initiated the need for a recirculation ballot. The recirculation ballot was conducted from February 6, 2009 – February 16, 2009 and achieved a quorum of 93.81% with a weighted affirmative approval of 99.12%. There were 3 negative ballots submitted for the recirculation ballot, and 2 of those ballots included a comment.

The reason cited for the negative ballots was consistent – balloters believed that logging and monitoring should be for both “in and out” of the controlled area. In the drafting team’s response to industry comments for the initial ballot, the team indicated it agreed with the balloters but could only address the requirement as currently written. The drafting team explained that “changes to the requirement, such as the inclusion of egress logging and monitoring, must be addressed via the standards development process.” The drafting team stated it would forward the comments to the drafting team working on revisions to the CIP standards.

**The third ballot event in the 1st quarter of 2009** consisted of a recirculation ballot of the interpretation of VAR-002-1a — Generator Operation for Maintaining Network Voltage Schedules for ICF Consulting.

ICF Consulting asked for the following clarifications:

- Which requirements in VAR-002 apply to Generator Operators that operate generators that do not have automatic voltage regulation (“AVR”) capability?
- Does the standard require a Generator Owner to acquire AVR devices to comply with the requirements in this standard?

The interpretation provides the following clarifications:

- All the requirements and associated sub-requirements in VAR-002-1a apply to Generator Owners and Generator Operators that own or operate generators whether equipped with an automatic voltage regulator or not.
- There are no requirements in the standard that require a generator to have an automatic voltage regulator, nor are there any requirements for a Generator Owner to modify its generator to add an automatic voltage regulator.

The recirculation ballot was conducted from January 6, 2009 – January 15, 2009 and achieved a quorum of 91.47% with a weighted affirmative approval of 91.21%. There were 15 negative ballots submitted for the recirculation ballot, and 10 of those ballots included a comment. Some

balloters listed more than one reason for their negative ballot. Note that in the recirculation ballot, the drafting team is not obligated to provide a response to the comments that were submitted.

The reasons cited for the negative ballots included the following:

- Six balloters indicated the interpretation may be read as “requiring” an AVR even if not installed at a facility.
- One balloter indicated the interpretation would allow the Transmission Operator to move the burden of voltage control to an entity that may not be best suited to provide the service.
- Three balloters indicated the interpretation does not provide a process for Transmission Operators to apply and grant exemptions.
- One balloter offered the general suggestion of adding a comment period to the interpretation process.
- One balloter questioned what would constitute sufficient notification by a Generation Operator to a Transmission Operator that there was no automatic voltage regulation.
- One balloter indicated units without an AVR would be older, smaller units that would not have a material impact on the bulk power system.
- Two balloters indicated the original predecessor standards (Version 0 Planning Standards) had intended to require AVRs on all generators and for generators to be operated in “auto” mode. The balloters mentioned a lack of this coordinated setting on generators in the legacy ECAR footprint was a finding of the 2003 blackout.

**The fourth ballot event in the 1st quarter of 2009** consisted of a recirculation ballot for standard MOD-030-2 — Flowgate Methodology.

This standard incorporates balloter suggestions for additional improvements to MOD-030-1 and is aimed at allowing additional methods of achieving the reliability objective. Under the existing standards development process, if the drafting team had made these changes to MOD-030-1 during the initial development, the standard would have needed to be posted for an additional comment period, followed by balloting. This delay would have prevented MOD-030-1 from being ready to file before its FERC-directed due date.

To remedy this problem, the standard drafting team submitted a Standards Authorization Request (“SAR”) to initiate modifications to MOD-030-1, and received Standards Committee authorization to post the SAR and a proposed version of MOD-030-2 reflecting consideration of comments submitted concurrent with the initial ballot of MOD-030-1. MOD-030-2 was filed with governmental authorities in early March, 2009.

The recirculation ballot was conducted from January 20, 2009 – January 29, 2009 and achieved a quorum of 85.86% with a weighted affirmative approval of 86.39%. There were 17 negative ballots submitted for the recirculation ballot, and 11 of those ballots included a comment. Some balloters listed more than one reason for their negative ballot.

The reasons cited for the negative ballots included the following:

- Three balloters indicated Requirement R3, which lists the information to be provided to the Transmission Service Provider, seems overly complicated and requires more information than seems necessary.
- Six balloters had concerns with challenges of implementing the proposed standard within a particular Independent System Operator (“ISO”), stating that a variance may be necessary.
- One balloter had concerns with the applicability statement.
- One balloter suggested including requirements for longer-term planning (the standard currently only addresses short term) to create consistency between the methodologies used for shorter-term and longer-term sales.
- One balloter had concerns about the Available Flowgate Capability (“AFC”) calculation formula, “Postbacks and counterflows are considered within the AFC calculation process, but the actual values may not always be calculated explicitly thereby making it difficult to demonstrate compliance.”

**The fifth ballot event in the 1st quarter of 2009** consisted of an initial ballot of the revised interpretation of EOP-001-0 — Emergency Operations Planning Requirement R1 for the Regional Entity Compliance Managers.

The Regional Entity Compliance Managers group submitted a request for interpretation for EOP-001-0 Requirement R1. Under Requirement R1, the Balancing Authority must have operating agreements with adjacent Balancing Authorities that shall, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities. The request asked for clarification on the terms “emergency assistance,” “adjacent,” and “remote” used in the requirement and the applicability of Reserve Sharing Group Agreements to meet the objective. The revised interpretation uses the term “Adjacent Balancing Authority” as defined in the NERC Glossary of Terms Used in Reliability Standards and provides the following clarifications:

- Emergency assistance is emergency energy and would normally be arranged for during the current operating day. The agreement should describe the conditions under which the emergency energy will be delivered to the responsible Balancing Authority.
- Each Balancing Authority is required to have an emergency energy assistance agreement with at least one Adjacent Balancing Authority and have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. However, emergency energy assistance agreements are not required with all Adjacent Balancing Authorities.
- A remote Balancing Authority is a Balancing Authority other than an Adjacent Balancing Authority. The responsible Balancing Authority is not required to have arrangements in place to obtain emergency energy assistance with all remote Balancing Authorities. The responsible Balancing Authority’s agreement(s) with the Adjacent Balancing Authorities does (do) not preclude the Adjacent Balancing Authority from purchasing emergency energy from remote Balancing Authorities on behalf of the responsible Balancing Authority.
- A Balancing Authority that is compliant with Reliability Standard BAL-002-0, Requirement R2 through participation in a Reserve Sharing Group Agreement is not required to establish additional operating agreements as described in Requirement R1 of EOP-001-0.

The initial ballot was conducted from February 27, 2009 – March 9, 2009 and achieved a quorum of 89.67% with a weighted affirmative approval of 89.03%. There were 12 negative ballots submitted for the initial ballot, and 11 of those ballots included a comment, which initiated the need for a recirculation ballot. Some balloters listed more than one reason for their negative ballot.

The reasons cited for the negative ballots included the following:

- Five balloters indicated concerns with the sentence in paragraph 3 of the interpretation, “The responsible Balancing Authority is not required to have arrangements in place to obtain emergency energy assistance with all remote Balancing Authorities.” Two balloters indicated the sentence is stating that the Responsible Balancing Authority must have arrangements with some remote Balancing Authorities, and one balloter argued that the existing standard only obligates a Balancing Authority to have agreements with adjacent Balancing Authorities. Three balloters suggested replacing “all” with “any.”
- Five balloters indicated the interpretation requires further clarification to address situations in interconnection-wide regions, such as the Western Electricity Coordinating Council (“WECC”) and the Electric Reliability Council of Texas, Inc. (“ERCOT”). The balloters state the interpretation would apply requirements appropriate for adjacent entities connected synchronously by AC lines to entities connected only by asynchronous DC lines; the balloters suggest this would be unnecessary and burdensome for its area because flows across the DC ties remain at their scheduled values and do not impact neighboring Balancing Authorities. The balloters specifically referred to the terms “adjacent” and “neighboring,” and some recommended clarifying that “adjacent” is intended for neighboring Balancing Authorities interconnected by AC ties.
- One balloter views Reserve Sharing Group (“RSG”) and emergency assistance agreements as serving two separate and necessary functions and was concerned the interpretation could result in non-compliance and reliability issues if “emergency assistance is needed but cannot be arranged or delivered absent an operating agreement.” The balloter agreed that a RSG agreement may be adequate to meet EOP-001-0, R1 but only if it explicitly includes provisions for emergency energy assistance.
- One balloter disagreed with the interpretation because, “A Balancing Authority that is compliant with Reliability Standard BAL-002-0, Requirement R2 through participation in a Reserve Sharing Group Agreement is not required to establish additional operating agreements as described in Requirement R1 of EOP-001-0. Reserve Sharing Group Agreements may not include emergency energy agreements.”
- One balloter recommended revising the phrase “responsible Balancing Authority” to “deficient Balancing Authority” in Item #3.

**The sixth ballot event in the 1st quarter of 2009** consisted of an initial ballot of interpretation of TOP-005-1 — Operational Reliability Information Requirement R3 and IRO-005-1 — Reliability Coordination — Current Day Operations Requirement R12 for Manitoba Hydro.

Manitoba Hydro requested an interpretation of the meaning of the term “degraded/degradation” as used in NERC standards TOP-005-1 and IRO-005-1 and specifically, whether a Special Protection System (“SPS”) that is operating with only one communication channel in service would be considered “degraded” for the purposes of these standards. The interpretation provides the following clarifications:

- TOP-005-1 does not provide, nor does it require, a definition for the term “degraded.”
- The IRO-005-1 (R12) standard implies that degraded is a condition that will result in a failure of an SPS to operate as designed, thus if the loss of a communication channel results in the failure of an SPS to operate as designed, then the Transmission Operator is required to report that information. On the other hand, if the loss of a communication channel will not result in the failure of the SPS to operate as designed, then such a condition can be, but is not mandated to be, reported.

The initial ballot was conducted from March 19, 2009 – March 30, 2009 and achieved a quorum of 89.78% with a weighted affirmative approval of 92.62%. There were 14 negative ballots submitted for the initial ballot, and 10 of those ballots included a comment, which initiated the need for a recirculation ballot. Some balloters listed more than one reason for their negative ballot.

The reasons cited for the negative ballots included the following:

- Two balloters disagreed with the drafting team’s description of degradation. The balloters view degradation as an indication of the existence of a problem but not the state of failure; the balloters interpreted the drafting team’s description of degradation as the state of failure.
- Three balloters indicated a need for a definition of degraded so an entity can be evaluated on a known measurable basis. The balloters stated that since SPSs are designed so that no one component failure will prevent the SPS to operate as designed, there would be no requirement for the SPS unit to be reported for a single failure. The balloters state, however, that when an SPS alone is not operating as designed (*i.e.*, degraded), the SPS is not functional and should be removed from the bulk electric system.
- One balloter indicated the interpretation extends to requirements associated but not included in the request, resulting in too broad an application of the interpretation process.
- One balloter agreed with the conclusion for IRO-005-1 but disagreed that a definition for degraded is not needed for TOP-005-1. The balloter suggested the Transmission Operator and Balancing Authority are obligated to provide information on new or degraded special protections systems to the Reliability Coordinator upon request, and a definition of degraded is necessary for specifying systems would need to be reported.
- One balloter indicated the interpretation does not clarify the intent of the use of the word “degradation” and whether failure of redundancy is a degraded condition. The balloter stated that the interpretation implies that an SPS requires redundancy but that no corresponding requirement exists in IRO-005-1 or other standard.
- Two balloters indicated any off-nominal SPS operating states should be appropriately reported, regardless of how degradation is defined.

**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 30th day of April 2009.

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