
**BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF RETIREMENT OF REQUIREMENTS IN
RELIABILITY STANDARDS**

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....	2
A. <u>Background</u>.....	3
B. <u>Paragraph 81 – Requirements Proposed for Retirement</u>.....	4
II. NOTICES AND COMMUNICATIONS.....	9
III. REQUIREMENTS PROPOSED FOR RETIREMENT.....	9
A. <u>Resources and Demand Balancing Reliability Standards</u>.....	10
1. BAL-005-0.2b, Requirement R2 – Automatic Generation Control	
B. <u>Critical Infrastructure and Protection Reliability Standards</u>.....	12
1. CIP-003-3, -4, Requirement R1.2 – Cyber Security – Security Management Controls	
2. CIP-003-3,-4, Requirements R3, R3.1, R3.2, R3.3 – Cyber Security – Security Management Controls	
3. CIP-003-3, -4, Requirement R4.2 – Cyber Security – Security Management Controls	
4. CIP-005-3a, -4a, Requirement R2.6 - Cyber Security – Electronic Security Perimeter(s)	
5. CIP-007-3, -4, Requirement R7.3 – Cyber Security – Systems Security Management	
C. <u>Emergency Preparedness and Operations Reliability Standards</u>.....	18
1. EOP-005-2 Requirement R3.1 – System Restoration from Blackstart Resources	
D. <u>Facilities Design, Connections, and Maintenance Reliability Standards</u>.....	19
1. FAC-002-1, Requirement R2 – Coordination of Plans for New Facilities	
2. FAC-008-3 Requirements R4, R5 – Facility Ratings	
3. FAC-010-2.1, Requirement R5 – System Operating Limits Methodology for the Planning Horizon	
4. FAC-011-2, Requirement R5 – System Operating Limits Methodology for the Operations Horizon	
5. FAC-013-2, Requirement R3 – Assessment of Transfer Capability for the Near-term Transmission Planning Horizon	
E. <u>Interchange Scheduling and Coordination Reliability Standards</u>.....	21
1. INT-007-1, Requirement R1.2 – Interchange Confirmation	
F. <u>Interconnection Reliability Operations and Coordination Reliability Standards</u>.....	22
1. IRO-016-1 Requirement R2 – Coordination of Real-Time Activities between Reliability Coordinators	
G. <u>Nuclear Reliability Standards</u>.....	24

1. NUC-001-2, Requirement R9.1, 9.1.1, R9.1.2, R9.1.3, R9.1.4 – Nuclear Plant Interface Coordination

H. <u>Protection and Control Reliability Standards</u>	25
1. PRC-010-0, Requirement R2 – Assessment of the Design and Effectiveness of UVLS Program	
2. PRC-022-1, Requirement R2 – Under-Voltage Load Shedding Program Performance	
I. <u>Voltage and Reactive Reliability Standards</u>	28
1. VAR-001-2, Requirement R5 – Voltage and Reactive Control	

EXHIBITS

Exhibit A — Paragraph 81 Criteria

Exhibit B — Redlined Version of Reliability Standards with Proposed Retirements

Exhibit C — Implementation Plan for Project 2013-02

Exhibit D — Consideration of Comments

Exhibit E — Paragraph 81 Technical Whitepaper

Exhibit F — Summary of the Standard Development Proceedings and Record of Development of Proposed Reliability Standard

Exhibit G — Team Roster for NERC Standards Development Project 2013-02

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**NOTICE OF FILING OF THE
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OF RETIREMENT OF REQUIREMENTS**

The North American Electric Reliability Corporation (“NERC”) respectfully provides notice of the retirement of 34 requirements within 19 currently effective Reliability Standards as set forth in **Exhibit B**,¹ concurrent with the effective day of approval.²

The following Regional Entities and organizations have authorized NERC to state that they support this filing: American Public Power Association, Canadian Electricity Association, Edison Electric Institute, Electricity Consumers Resource Council, Florida Reliability Coordinating Council, Large Public Power Coordinating Council, Midwest Reliability Organization, National Rural Electric Cooperative Association, Northeast Power Coordinating Council, ReliabilityFirst Corporation, SERC Reliability Corporation, Southwest Power Pool Regional Entity, Texas Reliability Entity, Inc., Transmission Access Policy Study Group, and the Western Electricity Coordinating Council.

¹ Unless otherwise designated herein, all capitalized terms shall have the meaning set forth in the Glossary of Terms Used in NERC Reliability Standards, available here: http://www.nerc.com/files/Glossary_of_Terms.pdf.

² Note, for the purposes of this filing, the term “requirement” encompasses sub-requirements. The Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for the requirements proposed for retirement would also be retired. Conforming changes were also made to VSLs of other requirements in these Reliability Standards that reference the requirements proposed for retirement. Note that upon approval of the retirement of these requirements, the version numbers of the standards will not be incremented, but the retired requirements and associated elements will be clearly marked as “retired.”

I. EXECUTIVE SUMMARY

Consistent with the Federal Energy Regulatory Commission's ("FERC") order approving NERC's Compliance Enforcement Initiative ("CEI"), including the Find, Fix, Track and Report ("FFT") program, NERC is requesting retirement of 34 requirements within 19 Reliability Standards that are redundant or otherwise unnecessary, and where violations of these requirements (currently included in Reliability Standards) pose a lesser risk to the reliability of the Bulk-Power System. No Reliability Standard is being proposed for retirement in its entirety, and all other requirements in each of the affected Reliability Standards will remain in continuous effect.

NERC's mission is to ensure and improve the reliability of the Bulk-Power System. Reliability excellence is achieved through the ongoing identification, correction and prevention of reliability risks, both big and small. Yet, accountability for reliability excellence is broader than just penalizing violations. NERC's CEI and, in particular the FFT program, represent a significant change in the paradigm for monitoring and enforcing compliance with Reliability Standards. The FFT program allows NERC and the Regional Entities flexibility to process and track lesser risk violations more efficiently in order to focus their resources on issues that pose the greatest risk to reliability. Consistent with this approach, NERC is proposing to retire requirements in Reliability Standards that can be removed with little to no effect on reliability. The retirement of these requirements will allow industry stakeholders to focus their resources appropriately on reliability risks and will increase the efficiency of the ERO compliance program.

A. Background

On March 15, 2012, FERC issued an order³ on the NERC FFT program that stated in paragraph 81 (“P 81”):

The Commission notes that NERC’s FFT initiative is predicated on the view that many violations of requirements currently included in Reliability Standards pose lesser risk to the Bulk-Power System. If so, some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program. *If NERC believes that specific Reliability Standards or specific requirements within certain Standards should be revised or removed, we invite NERC to make specific proposals to the Commission identifying the Standards or requirements and setting forth in detail the technical basis for its belief.* In addition, or in the alternative, we invite NERC, the Regional Entities and other interested entities to propose appropriate mechanisms to identify and remove from the Commission-approved Reliability Standards *unnecessary or redundant* requirements. We will not impose a deadline on when these comments should be submitted, but ask that to the extent such comments are submitted NERC, the Regional Entities, and interested entities coordinate to submit their respective comments concurrently.

In response to FERC’s FFT Order and, specifically, the language in P 81, a joint collaborative effort was formed among various industry stakeholders, trade associations,⁴ NERC Staff, and Staff from the Regional Entities; this effort became known as “P 81.”⁵ The trade associations, NERC Staff, and Staff from the Regional Entities each independently developed a list of possible Reliability Standard requirements appropriate for retirement, consisting only of currently active and enforceable standards. Working together, and through a series of discussions, the P 81 Team developed a list of requirements that were presented to the Standards Committee in the form of a Standards Authorization Request (“SAR”). The P 81 project was a collaborative effort in

³ *North American Electric Reliability Corporation*, 138 FERC ¶ 61,193 at P 81 (2012)(emphasis added)(“FFT Order”).

⁴ Canadian Electricity Association, Edison Electric Institute, American Public Power Association, National Rural Electric Cooperative Association, Large Public Power Council, Electricity Consumers Resource Council, The Electric Power Supply Association and Transmission Access Policy Study Group.

⁵ **Exhibit G** contains a list of the Project 2013-02 team members (“P 81 Team”).

recognition of FERC’s request that NERC, the Regional Entities, and interested parties coordinate to submit any comments in response to the FFT Order concurrently.

The scope of the P 81 project was limited solely to the removal of requirements in their entirety that would not otherwise compromise the integrity of the specific Reliability Standard or impact the reliability of the BES. The criteria developed by the P 81 Team were designed so that no rewriting or consolidation of requirements would be necessary and are provided herein as **Exhibit A**, for informational purposes only. The P 81 Team developed three criteria: (1) Criteria A: an overarching criteria designed to determine that there is no reliability gap created by the proposed retirement; (2) Criteria B: consists of seven separate identifying criteria designed to recognize requirements appropriate for retirement (administrative; data collection/data retention; documentation; reporting; periodic updates; commercial or business practice; and redundant); and (3) Criteria C: consists of seven separate questions designed to assist the P 81 Team in making an informed decision regarding whether requirements are appropriate to propose for retirement.⁶

B. Paragraph 81 – Requirements Proposed for Retirement

NERC has over 150 mandatory and enforceable Reliability Standards that contain over 1,300 requirements. There are fourteen separate bodies of NERC Reliability Standards:

- (1) Resource and Demand Balancing (“BAL”);
- (2) Communications (“COM”);

⁶ C1: Was the Reliability Standard requirement part of a FFT filing?
C2: Is the Reliability Standard requirement being reviewed in an on-going Standards Development Project?
C3: What is the VRF of the Reliability Standard requirement?
C4: In which tier of the 2013 AML does the Reliability Standard requirement fall?
C5: Is there a possible negative impact on NERC’s published and posted reliability principles?
C6: Is there any negative impact on the defense in depth protection of the Bulk Electric System?
C7: Does the retirement promote results or performance based Reliability Standards?

- (3) Critical Infrastructure Protection (“CIP”);
- (4) Emergency Preparedness and Operations (“EOP”);
- (5) Facilities Design, Connections, and Maintenance (“FAC”);
- (6) Interchange Scheduling and Coordination (“INT”);
- (7) Interconnection Reliability Operations and Coordination (“IRO”);
- (8) Modeling, Data, and Analysis (“MOD”);
- (9) Nuclear (“NUC”);
- (10) Personnel Performance, Training, and Qualifications (“PER”);
- (11) Protection and Control (“PRC”);
- (12) Transmission Operations (“TOP”);
- (13) Transmission Planning (“TPL”); and
- (14) Voltage and Reactive (“VAR”).

Requirements from nine of these bodies of Reliability Standards are proposed for retirement; no requirements from COM, MOD, PER, TOP, or TPL Reliability Standards are included. NERC proposes to retire the following “unnecessary or redundant requirements.”

Requirements Proposed for Retirement⁷		
BAL-005-0.2b R2	CIP-003-4 R4.2	INT-007-1 R1.2
CIP-003-3 R1.2	CIP-005-3a R2.6	IRO-016-1 R2
CIP-003-3 R3	CIP-005-4a R2.6	NUC-001-2 R9.1
CIP-003-3 R3.1	CIP-007-3 R7.3	NUC-001-2 R9.1.1
CIP-003-3 R3.2	CIP-007-4 R7.3	NUC-001-2 R9.1.2
CIP-003-3 R3.3	EOP-005-2 R3.1	NUC-001-2 R9.1.3
CIP-003-3 R4.2	FAC-002-1 R2	NUC-001-2 R9.1.4
CIP-003-4 R1.2	FAC-008-3 R4	PRC-010-0 R2
CIP-003-4 R3	FAC-008-3 R5	PRC-022-1 R2
CIP-003-4 R3.1	FAC-010-2.1 R5	VAR-001-2 R5
CIP-003-4 R3.2	FAC-011-2 R5	
CIP-003-4 R3.3	FAC-013-2 R3	

It is important to recognize that the regime of mandatory Reliability Standards is only seven years old. On April 4, 2006, as modified on September 11, 2006, NERC submitted 107 proposed Reliability Standards. Since that time, NERC has evolved and refined its respective approach to what constitutes a Reliability Standard, and the P 81 project is illustrative of this maturation.

The ERO compliance program and stakeholders will benefit from the proposed retirement of the requirements included herein as efforts will appropriately be directed towards activities with a greater potential impact on reliability – these benefits translate into time and resources saved, which helps ensure that the costs of reliability are proportionate to the benefits.

⁷ FAC-008-1 Requirements R2 and R3 are not included herein as they are no longer in effect. FAC-008-1 was superseded by FAC-008-3 on December 31, 2012.

The recent filing of the CIP Version 5 Reliability Standards on February 7, 2013, proposes to “eliminate unnecessary documentation requirements to allow entities to focus on the reliability and security of the Bulk Power System” and is consistent with the principles of the P 81 Project and FERC’s language in Paragraph 81.

The primary focus of the P 81 Team was on retiring those lower-level facilitating requirements that are either redundant with other requirements or where evidence retention is burdensome and the requirement is unnecessary (*e.g.*, the same performance is addressed through other enforceable standards or mechanisms). NERC has authority to enforce reporting obligations pursuant to the Rules of Procedure.⁸ Section 400 and Appendix 4C of the Rules of Procedure also set forth how failure to comply with a reporting obligation will be addressed. In the event a registered entity does not submit requested data, information, or a report, the registered entity is afforded several opportunities to respond or cure a request or requirement pursuant to Attachment 1 to Appendix 4C.⁹

The proposed retirement of the documentation requirements included herein does not create a gap in reliability as NERC and the Regional Entities can enforce reporting obligations pursuant to section 400 of NERC’s Rules of Procedure and Appendix 4C to ensure that necessary data continues to be submitted for compliance and enforcement purposes. Further, data necessary for NERC can be obtained pursuant to Section 1600 of the NERC Rules of Procedure.

⁸ Section 401.3 of the NERC Rules of Procedure provides that NERC and the Regional Entities can require “[a]ll Bulk Power System owners, operators and users” to provide “such information as is necessary to monitor compliance with the reliability standards.” Appendix 4C to the NERC Rules of Procedure states that the Compliance Enforcement Authority will “*monitor, assess, and enforce* compliance with Reliability Standards using the compliance monitoring processes. . .to collect information in order to make assessments of compliance.” Section 3.0 (emphasis added).

⁹ Attachment 1 to Appendix 4C to the CMEP: Process for Non-Submittal of Requested Data, Steps 1-3.

While the P 81 Project proposes to retire several requirements related to data retention or documentation, NERC notes that the simple fact that a requirement includes a data retention or documentation element **does not** signify that it should be considered for retirement or is otherwise inappropriately designated as a requirement. Indeed, certain data retention and/or documentation requirements are essential to reliability.

As explained in the 2013-2015 NERC Reliability Standards Development Plan,¹⁰ concepts from the P 81 Project will be carried forward into improving the future drafting of Reliability Standards. Projects will involve stronger examination for duplication of requirements across the NERC body of Reliability Standards and the technical basis and necessity for each and every requirement will continue to be evaluated. Specifically, the 2013-2015 NERC Reliability Standards Development Plan sets forth an aggressive schedule for 2013 to review Reliability Standards while applying P 81 and results-based concepts across the following three major work areas:

- **Existing Projects/Emerging Issues** - Current projects must be completed and new projects that either support high risk reliability issues or emerging issues must be conducted in a timely and efficient manner.
- **Reviews** - Five-year reviews must be conducted on standards that are due for assessment and have not been revised in recent standards development projects.
- **Directives** - FERC directives must be addressed and the resulting revised standards filed.

Requirements that were proposed and ultimately not included in Phase 1 of the P 81 Project will be mapped for consideration as Reliability Standards are evaluated as part of these major work

¹⁰ Submitted in Docket Nos. RM05-17-000 et al. (December 31, 2012), available at: http://www.nerc.com/files/2013-2015_RSDP_2012.12.31_complete.pdf.

areas. It is expected that as a result of these projects, NERC will enhance the quality of its Reliability Standards.

II. NOTICES AND COMMUNICATIONS

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

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III. REQUIREMENTS PROPOSED FOR RETIREMENT

Listed below are the requirements proposed for retirement, organized by each of the nine relevant bodies of Reliability Standards. Each requirement proposed for retirement includes the following: (a) the text of the requirement proposed for retirement; (b) the complete procedural history of the Reliability Standard; and (c) the technical justification to support the proposed retirement.

A. Resource and Demand Balancing Reliability Standards

One standard from the BAL body of Reliability Standards, BAL-005, contains a requirement proposed for retirement. Collectively, the six BAL Reliability Standards address balancing resources and demand to maintain interconnection frequency within prescribed limits.

1. BAL-005-0.2b, Requirement R2 – Automatic Generation Control

R2. Each Balancing Authority shall maintain Regulating Reserve that can be controlled by AGC to meet the Control Performance Standard.

a. Procedural History

BAL-005-0 was filed on April 4, 2006. Also, an errata filing to BAL-005-0.1b was filed on June 15, 2012, which replaced Appendix 1 with a corrected version of an interpretation, and made an internal reference correction in the interpretation, thus resulting in BAL-005-0.2b.

b. Technical Justification for Retirement

The stated reliability purpose of BAL-005-0.2b is to establish requirements for Balancing Authority Automatic Generation Control (“AGC”) necessary to calculate Area Control Error (“ACE”) and to routinely deploy the Regulating Reserve. The standard also ensures that all facilities and load electrically synchronized to the Interconnection are included within the metered boundary of a Balancing Area so that balancing of resources and demand can be achieved. The reliability purpose and objectives of BAL-005-0.2b are unaffected by the proposed retirement of Requirement R2.

BAL-005-0.2b Requirement R2 involves two important concepts- AGC and Regulating Reserve. AGC is defined in the NERC Glossary of Terms Used in Reliability Standards as follows: “Equipment that automatically adjusts generation in a Balancing Authority Area from a central location to maintain the Balancing Authority’s interchange schedule plus Frequency Bias. AGC may also accommodate automatic inadvertent payback and time error correction.”

Regulating Reserve is defined as: “An amount of reserve responsive to Automatic Generation Control, which is sufficient to provide normal regulating margin.” Regulating Reserve provides the margin that allows generation to respond to changing load conditions based on its calculated Area Control Error provided by its Energy Management System. It is not intended to provide response for frequency excursions or generation unit trips.

BAL-005 is related to BAL-001 – Real Power Balancing Control Performance. A Balancing Authority must use AGC to control its Regulating Reserves to meet the Control Performance Standards (“CPS”) as set forth in BAL-001-0.1a Requirements R1 and R2.¹¹ The primary purpose of Requirement R2 is to specify how a Balancing Authority must meet CPS, *i.e.* through the use of AGC.

NERC acknowledges that an argument regarding the redundancy of BAL-005 Requirement R2 was previously rejected by FERC,¹² however, NERC maintains that this Requirement is redundant in an operational sense. Although for a short period of time (as FERC stated during an AGC malfunction)¹³ a Balancing Authority may be able to meet its CPS obligations without AGC, it cannot do so for any extended period of time, and, therefore, Balancing Authorities must use AGC to control Regulating Reserves to satisfy obligations under BAL-001-0.1a Requirements R1 and R2. Given this fact, BAL-005-0.2b Requirement R2 is redundant and having two requirements requiring the same activity means that there is no reliability gap created by the proposed retirement of BAL-005-0.2b Requirement R2. In other

¹¹ Note, (i) if a BA does not have an adequate amount of regulating margin (Regulating Reserve) it will not meet CPS consistently; (ii) the fact that a BA does not meet CPS does not mean it has inadequate regulating margin, but may be an indication of poor control or some other influence. A BA may have more than an adequate amount of regulating margin, but may not be utilizing it to optimize the CPS measures; and (iii) if a BA does not meet CPS, it also does not necessarily mean the BA is operating unreliably. CPS is a consistent measure within the industry, to achieve a uniformity of practice and provide equity amongst the BAs operating within a common electric system.

¹² *North American Electric Reliability Corp.*, 121 FERC ¶ 61,179 at PP 48-51 (2007).

¹³ *Id.* at P 50 (“While theoretically, CPS can be met without the use of AGC, for example, when the AGC system is malfunctioning...”).

words, without the existence of BAL-005-0.2b Requirement R2, Balancing Authorities must still have Regulating Reserves that can be controlled by AGC to satisfy the CPS in BAL-001-0.1a Requirements R1 and R2.

B. Critical Infrastructure Protection Reliability Standards

Eight requirements in the CIP body of Reliability Standards are proposed for retirement, however, two *versions* of these requirements are proposed to be retired, bringing the total to sixteen. The recently filed petition for approval of Version 5 of the CIP Reliability Standards is consistent with the proposed retirement of these requirements as explained below.

1. CIP-003-3, -4, Requirement R1.2 – Cyber Security – Security Management Controls

R1.2. The cyber security policy is readily available to all personnel who have access to, or are responsible for, Critical Cyber Assets.

a. Procedural History

CIP-003-1 was filed on September 11, 2006. CIP-003-2 was filed on May 27, 2009.

CIP-003-3 was filed on January 21, 2010. CIP-003-4 was submitted on June 8, 2011.

b. Technical Justification for Retirement

CIP-003 requires that Responsible Entities have minimum security management controls in place to protect Critical Cyber Assets. The reliability purpose and objectives of CIP-003 are unaffected by the proposed retirement of Requirement R1.2.

CIP-003 Requirement R1.2 is an administrative task that requires Responsible Entities to ensure that their cyber security policy is readily available to personnel. To implement CIP-003-3, -4 R1.2 entities have undertaken a variety of administrative solutions including: kiosks dedicated to computers with the cyber security policy; posting the policy on the company intranet; and having copies available in work stations, at common area desks in generating

stations and substations, *etc.* The proposed retirement of CIP-003, Requirement R1.2 is consistent with reliability principles and will not create a gap in reliability. Further, this requirement has been removed from CIP Version 5, and, therefore, CIP Version 5 supports, and is consistent with, the proposed retirement of this requirement.

2. CIP-003-3, -4 Requirements R3, R3.1, R3.2, R3.3 – Cyber Security – Security Management Controls

R3. Exceptions – Instances where the Responsible Entity cannot conform to its cyber security policy must be documented as exceptions and authorized by the senior manager or delegate(s).

R3.1. Exceptions to the Responsible Entity’s cyber security policy must be documented within thirty days of being approved by the senior manager or delegate(s).

R3.2. Documented exceptions to the cyber security policy must include an explanation as to why the exception is necessary and any compensating measures.

R3.3. Authorized exceptions to the cyber security policy must be reviewed and approved annually by the senior manager or delegate(s) to ensure the exceptions are still required and valid. Such review and approval shall be documented.

a. Procedural History

CIP-003-1 was filed on September 11, 2006. CIP-003-2 was filed on May 27, 2009.

CIP-003-3 was filed on January 21, 2010. CIP-003-4 was submitted on June 8, 2011.

b. Technical Justification for Retirement

CIP-003 requires that Responsible Entities have minimum security management controls in place to protect Critical Cyber Assets. The reliability purpose and objectives of CIP-003 are unaffected by the proposed retirement of Requirements R3, and R3.1 through R3.3.

CIP-003-3, -4 Requirements R3, R3.1, R3.2, and R3.3 (collectively “CIP Exception Requirements”) are administrative tasks and the proposed retirement of these requirements

presents no reliability gap. The CIP Exception Requirements only apply to exceptions to internal corporate policy, and only in cases where the policy exceeds a Reliability Standard requirement or addresses an issue that is not covered in a Reliability Standard. For example, if an internal corporate policy statement requires that all passwords be a minimum of eight characters in length, and be changed every 30 days, (which is beyond the minimum requirements in CIP-007-3 Requirement R5.3), the CIP Exception Requirements could be invoked for internal governance purposes to lessen the corporate requirement back to the password requirements in CIP-007-3 R5.3. However, under no circumstances do the CIP Exception Requirements authorize the implementation of security measures that are less than what is required in CIP-007-3 Requirement R5.3.

The proposed retirement of the CIP Exception Requirements would not impact an entity's ability to maintain such an exception process within its corporate policy governance procedures, if it so desired. Fundamentally, the CIP Exception Requirements are an administrative tool for internal corporate governance procedures, and, therefore the proposed retirement of these requirements presents no reliability gap. The CIP Exception Requirements have been removed from CIP Version 5, therefore, Version 5 is consistent with, and supports, the proposed retirement of these requirements.

3. CIP-003-3 -4, Requirement R4.2 – Cyber Security – Security Management Controls

R4.2. The Responsible Entity shall classify information to be protected under this program based on the sensitivity of the Critical Cyber Asset information.

a. Procedural History

CIP-003-1 was filed on September 11, 2006. CIP-003-2 was filed on May 27, 2009. CIP-003-3 was filed on January 21, 2010. CIP-003-4 was submitted on June 8, 2011.

b. Technical Justification for Retirement

Both Versions 3 and 4 of CIP-003 Requirement R4.2 require Responsible Entities to classify information based on “sensitivity.” The proposed retirement of this requirement is consistent with CIP Version 5. While CIP-003-4 Requirement R4.2 has been incorporated into CIP-011-5 Requirement R1.1, the obligation to classify information based on sensitivity has been removed, which does not prevent companies from having multiple levels of classification, but allows more flexibility to incorporate the CIP information protection program into the normal course of business. Therefore, Version 5 supports, and is consistent with, the proposed retirement of this requirement.

The task of classifying Critical Cyber Information “based on the sensitivity” is an administrative task that is redundant with CIP-003-3, -4 Requirement R4. Specifically, CIP-003-3, -4 Requirement R4 already requires the classification of information associated with Critical Cyber Assets. The only difference between Requirement R4 and R4.2 is that the subjective term “based on the sensitivity” has been added, thus, making it essentially redundant. Further, CIP-003-3, -4 Requirement R4 requires the entity to develop classifications based on a subjective understanding of sensitivity (*i.e.*, no clear connection to serving reliability), therefore the proposed retirement of this requirement presents no reliability gap.

4. CIP-005-3a, -4a, Requirement R2.6 – Cyber Security -- Electronic Security Perimeter(s)

R2.6. Appropriate Use Banner -- Where technically feasible, electronic access control devices shall display an appropriate use banner on the user screen upon all interactive access attempts. The Responsible Entity shall maintain a document identifying the content of the banner.

a. Procedural History

CIP-005-1 was filed on September 11, 2006. CIP-005-2 was filed on May 27, 2009. CIP-005-3 was filed on January 21, 2010. CIP-005-3a was filed on May 6, 2010. CIP-005-4 was filed on June 8, 2011.

b. Technical Justification for Retirement

The implementation of an appropriate use banner (“banner”) on a user’s screen for all interactive access attempts into the Electronic Security Perimeter (“ESP”) is an activity or task that is administrative. As noted by the CIP Version 5 drafting team:

The objective of having an appropriate use banner is to prevent accidental use of the system and help allow prosecution of unauthorized individuals accessing the system. The drafting team did not consider either of these rising to the level of meeting a reliability objective.¹⁴

This Requirement has been removed from CIP Version 5, therefore Version 5 is consistent with, and supports, the proposed retirement of this requirement.

The banner does not ensure a proper or secure access point configuration which is generally the purpose of CIP-005-3a, -4a. Further, this requirement has also been the subject of numerous technical feasibility exceptions (commonly referred to as “TFEs”) for devices that

¹⁴ See Project 2008-06 - Cyber Security Order 706 - Version 5, Mapping Document, available here: [http://www.nerc.com/docs/standards/sar/Mapping_Document_for_CIP_V5_Clean_\(2012-0911\).pdf](http://www.nerc.com/docs/standards/sar/Mapping_Document_for_CIP_V5_Clean_(2012-0911).pdf).

cannot support such a banner, and hence has diverted resources from more productive efforts.¹⁵ Thus, the ERO's compliance program would become more efficient if CIP-005-3a, -4a R2.6 was retired, because ERO time and resources could be reallocated to monitor compliance with the remainder of CIP-005-3a, -4a, which provides for more effective controls of electronic access at all electronic access points into the ESP. Accordingly, the proposed retirement of CIP-005-3a, -4a, Requirement R2.6 presents no reliability gap.

5. CIP-007-3, -4, Requirement R7.3 – Cyber Security – Systems Security Management

R7.3. The Responsible Entity shall maintain records that such assets were disposed of or redeployed in accordance with documented procedures.

a. Procedural History

CIP-007-1 was filed on September 11, 2006. CIP-007-2 was filed on May 27, 2009. CIP-007-2a was filed on December 8, 2009. CIP-007-3 was filed on January 21, 2010. CIP-007-4 was filed on June 8, 2011.

b. Technical Justification for Retirement

CIP-007-3, -4 Requirement R7.3 requires the maintaining of records for the purpose of demonstrating compliance with disposing of or redeploying Cyber Assets in accordance with documented procedures. NERC and the Regional Entities, however, under Section 400 of the NERC Rules of Procedure, have the ability to require the production of records to demonstrate compliance, thus CIP-007-3, -4 Requirement R7.3 is redundant and unnecessary. This requirement has been appropriately repurposed as a measure of compliance in CIP Version 5, therefore Version 5 is consistent with, and supports, the proposed retirement of this requirement.

¹⁵ See 2012 Annual Report of the North American Electric Reliability Corporation on Wide-Area Analysis of Technical Feasibility Exceptions, Docket No. RR10-1-001 at 6 (September 28, 2012).

C. Emergency Preparedness and Operations Reliability Standards

One requirement from the EOP body of Reliability Standards is proposed for retirement. The EOP group of Reliability Standards consists of eight Reliability Standards that address preparation for emergencies, necessary actions during emergencies and system restoration and reporting following disturbances.¹⁶

1. EOP-005-2 Requirement R3.1 – System Restoration from Blackstart Resources

R3.1. If there are no changes to the previously submitted restoration plan, the Transmission Operator shall confirm annually on a predetermined schedule to its Reliability Coordinator that it has reviewed its restoration plan and no changes were necessary.

EOP-005 is dedicated to System Restoration Plans and Blackstart Resources. The reliability purpose of EOP-005-2 is to ensure that plans, Facilities, and personnel are prepared to enable System restoration from Blackstart Resources to assure that reliability is maintained during restoration and priority is placed on restoring the Interconnection. This reliability purpose is unaffected by the proposed retirement of Requirement R3.1.

a. Procedural History

EOP-005-1 was submitted on September 11, 2006. EOP-005-2 was submitted on January 21, 2010.

b. Technical Justification for Retirement

EOP-005-2 Requirement R3.1 requires a Transmission Operator to confirm annually that it has reviewed its restoration plan and that no changes were necessary. This requirement is

¹⁶ EOP-001 is dedicated to Emergency Operations Planning. EOP-002 is dedicated to Capacity and Energy Emergencies. EOP-003 is dedicated to Load Shedding Plans. EOP-004 is dedicated to Event Reporting. EOP-005 is dedicated to System Restoration Plans and Blackstart Resources. EOP-006 is dedicated to System Restoration Coordination, [note there is no EOP-007]. EOP-008 is dedicated to Loss of Control Center Functionality and EOP-009 is dedicated to Documentation of Blackstart Generating Unit Test Results.

redundant with EOP-005-2, Requirement R3, and therefore, the proposed retirement of this requirement is consistent with reliability principles and would create no gap in reliability.

EOP-005-2 Requirement R3 currently requires the Transmission Operator to submit its restoration plan to its Reliability Coordinator, whether or not the plan includes changes. EOP-005-2 Requirement R3 provides:

R3. Each Transmission Operator shall review its restoration plan and submit it to its Reliability Coordinator annually on a mutually agreed predetermined schedule.

Consequently, since EOP-005-2 Requirement R3 requires the Transmission Operator to submit its restoration plan to the Reliability Coordinator whether or not there has been a change, EOP-005-2 Requirement R3.1 only adds a separate, duplicative administrative burden for the entity to also confirm that there were no changes based upon another pre-determined schedule.

For these reasons, there is no reliability gap resulting from the proposed retirement of EOP-005-2 Requirement R3.1 because a Transmission Operator already has an obligation to review and provide its restoration plan annually on a mutually agreed upon predetermined schedule to its Reliability Coordinator.

D. Facilities Design, Connections, and Maintenance Reliability Standards

Five separate Reliability Standards from the FAC body of Reliability Standards, (FAC-002; FAC-010; FAC-011; FAC-013) contain a requirement proposed for retirement, with a total of six FAC requirements proposed for retirement.

The FAC body of Reliability Standards consists of a total of nine Reliability Standards that address topics such as facility connection requirements, facility ratings, system operating

limits, and transfer capabilities.¹⁷ The FAC Reliability Standards also establish requirements for maintaining equipment and rights-of-way, including vegetation management.

1. FAC-002-1 Requirement R2 – Coordination of Plans for New Facilities

R2. The Planning Authority, Transmission Planner, Generator Owner, Transmission Owner, Load-Serving Entity, and Distribution Provider shall each retain its documentation (of its evaluation of the reliability impact of the new facilities and their connections on the interconnected transmission systems) for three years and shall provide the documentation to the Regional Reliability Organization(s) and NERC on request (within 30 calendar days).

a. Procedural History

FAC-002-0 was submitted on April 4, 2006. FAC-002-1 was submitted on March 2, 2011.

b. Technical Justification for Retirement

Reliability Standard FAC-002 requires that each generation owner, transmission owner, distribution provider, Load-Serving Entity (“LSE”), transmission planner and planning authority assess the impact of integrating generation, transmission and end-user facilities into the interconnected transmission system. The reliability purpose of FAC-002 is to avoid adverse impacts on reliability by requiring Generator Owners and Transmission Owners and electricity end-users to meet facility connection and performance requirements. The reliability purpose of FAC-002 is unaffected by the proposed retirement of Requirement R2.

Responsible Entities have an existing obligation to produce the same information required by Requirement R2 to demonstrate compliance with Requirement R1 and its sub-requirements, thus making Requirement R2 redundant. For this reason, the proposed retirement of Requirement R2 presents no reliability gap.

¹⁷ FAC-001; FAC-002; FAC-003; FAC-008; FAC-010; FAC-011; FAC-012; FAC-013; and FAC-014.

E. Interchange Scheduling and Coordination Reliability Standards

One standard from the INT body of Reliability Standards, INT-007, contains a single requirement proposed for retirement. The INT body of Reliability Standards consists of a total of nine Reliability Standards¹⁸ that address interchange transactions, which occur when electricity is transmitted from a seller to a buyer across the power grid.

Reliability Standard INT-007 requires that before changing the status of submitted arranged interchanges to confirmed interchanges, the interchange authority must verify that the submitted arranged interchanges are valid and complete with relevant information and approvals from the Balancing Authorities and transmission service providers.

1. INT-007-1 Requirement R1.2 – Interchange Confirmation

R1.2. All reliability entities involved in the Arranged Interchange are currently in the NERC registry.

a. Procedural History

INT-007-1 was submitted on September 11, 2006.

b. Technical Justification for Retirement

The reliability purpose of INT-007-1 is to ensure that each Arranged Interchange is checked for reliability before it is implemented, and this purpose is unaffected by the proposed retirement of Requirement R1.2. INT-007-1 Requirement R1.2 is an administrative task that is now outdated. At one time, the identification number came from the NERC Transmission System Information Network (“TSIN”) system, which is now handled via the NAESB Electric Industry Registry.¹⁹ Also, under the E-Tag protocols, no entity may engage in an Interchange transaction without first registering with the E-Tag system and receiving an identification

¹⁸ INT-001; INT-003; INT-004; INT-005; INT-006; INT-007; INT-008; INT-009; and INT-010.

¹⁹ See, *North American Energy Standards Board Webregistry Technical Guide v1.4* (Proprietary) (July 2012). The new NAESB system has updated and implemented more automation to the process.

number. Further, the entity desiring the transaction enters this identification number in the E-Tag system to pre-qualify and engage in an Arranged Interchange. Accordingly, the task set forth in INT-007-1 Requirement R1.2 is an outdated activity that is no longer necessary, and thus the proposed retirement of Requirement R1.2 presents no reliability gap.

F. Interconnection Reliability Operations and Coordination

One standard from the IRO body of Reliability Standards, IRO-016, contains a single requirement proposed for retirement. The IRO body of Reliability Standards consists of twelve Reliability Standards that detail the responsibilities and authorities of a Reliability Coordinator.²⁰ The IRO Reliability Standards establish requirements for data, tools and wide-area view, all of which are intended to facilitate a Reliability Coordinator's ability to perform its responsibilities and ensure the reliable operation of the interconnected grid.

1. IRO-016-1 Requirement R2 – Coordination of Real-Time Activities between Reliability Coordinators

R2. The Reliability Coordinator shall document (via operator logs or other data sources) its actions taken for either the event or for the disagreement on the problem(s) or for both.

a. Procedural History

IRO-016-1 was submitted on April 4, 2006.

b. Technical Justification for Retirement

IRO-016 establishes requirements for coordinated real-time operations, including: (1) notification of problems to neighboring Reliability Coordinators and (2) discussions and decisions for agreed-upon solutions for implementation. The reliability purpose of IRO-016-1 is to ensure that each Reliability Coordinator's operations are coordinated such that they will not have an adverse reliability impact on other Reliability Coordinator Areas and to preserve the

²⁰ IRO-001; IRO-002; IRO-003; IRO-004; IRO-005; IRO-006; IRO-008; IRO-009; IRO-010; IRO-014; IRO-015; and IRO-016.

reliability benefits of interconnected operations. To implement the purpose, IRO-016-1

Requirement R1 and its sub-requirements state:

R1. The Reliability Coordinator that identifies a potential, expected, or actual problem that requires the actions of one or more other Reliability Coordinators shall contact the other Reliability Coordinator(s) to confirm that there is a problem and then discuss options and decide upon a solution to prevent or resolve the identified problem.

R1.1. If the involved Reliability Coordinators agree on the problem and the actions to take to prevent or mitigate the system condition, each involved Reliability Coordinator shall implement the agreed-upon solution, and notify the involved Reliability Coordinators of the action(s) taken.

R1.2. If the involved Reliability Coordinators cannot agree on the problem(s) each Reliability Coordinator shall re-evaluate the causes of the disagreement (bad data, status, study results, tools, etc.).

R1.2.1. If time permits, this re-evaluation shall be done before taking corrective actions.

R1.2.2. If time does not permit, then each Reliability Coordinator shall operate as though the problem(s) exist(s) until the conflicting system status is resolved.

These requirements are specific actions and decision points among Reliability Coordinators that promote the reliable operation of the BES. In contrast, Requirement R2 is an administrative task and the proposed retirement will not adversely impact reliability. Therefore, the reliability purpose of IRO-016-1 is unaffected by the proposed retirement of Requirement R2.

Furthermore, outside the context of a Reliability Standard, under Section 400 of the NERC Rules of Procedure, NERC and the Regional Entities have the authority to require an entity to submit data and information for purposes of monitoring compliance. Thus, the retirement of IRO-016-1 Requirement R2 does not affect the ability for NERC and the Regional Entities to require Reliability Coordinators to produce documentation to demonstrate compliance

with IRO-016-1 Requirement R1 and its sub-requirements. Accordingly, retiring IRO-016-1 Requirement R2 presents no gap to reliability or to the information NERC and the Regional Entities need to monitor compliance.

G. Nuclear Reliability Standards

There is only one standard that comprises the NUC body of Reliability Standards, NUC-001, and this standard contains five requirements proposed for retirement. The NUC-001 Reliability Standard requires a nuclear plant Generator Operator to coordinate operations and planning with transmission entities providing services relating to nuclear plant operating and off-site power delivery requirements

1. NUC-001-2 Requirements R9.1, R9.1.1, R9.1.2, R9.1.3, and R9.1.4 – Nuclear Plant Interface Coordination

R9.1. Administrative elements:

R9.1.1. Definitions of key terms used in the agreement.

R9.1.2. Names of the responsible entities, organizational relationships, and responsibilities related to the NPIRs.

R9.1.3. A requirement to review the agreement(s) at least every three years.

R9.1.4. A dispute resolution mechanism.

a. Procedural History

NUC-001-1 was submitted on November 27, 2007. NUC-001-2 was submitted on September 19, 2009.

b. Technical Justification for Retirement

The reliability purpose of NUC-001-2 is to ensure the coordination between Nuclear Plant Generator Operators and Transmission Entities for nuclear plant safe operation and shutdown. The reliability purpose of NUC-001-2 is unaffected by the proposed retirement of

Requirements 9.1, 9.1.1, 9.1.2, 9.1.3 and 9.1.4. Requirement 9.1 and its sub-requirements specify certain administrative elements that must be included in the agreement (required by R2) between the Nuclear Plant Generator Operator and the applicable Transmission Entities. These are a mix of technical, communication, training and administrative requirements. Requirement R9.1 and its sub-requirements are administrative tasks and the proposed retirement of these Requirements will not adversely impact reliability. Further, requiring via a mandatory Reliability Standard the inclusion of boilerplate provisions is unnecessarily burdensome relative to the other significant requirements in NUC-001-2 that pertain to performance based reliability coordination and protocols between Transmission Entities and Nuclear Plant Generator Operators. Therefore, the proposed retirement of NUC-001-2 R9.1 and all its sub-requirements creates no reliability gap.

H. Protection and Control Reliability Standards

Two standards from the PRC body of Reliability Standards, PRC-010 and PRC-022, contain a requirement proposed for retirement. PRC systems on Bulk-Power System elements are an integral part of reliable grid operation. Protection systems are designed to detect and isolate faulty elements on a system, thereby limiting the severity and spread of system disturbances, and preventing possible damage to protected elements. The function, settings, and limitations of a protection system are critical in establishing System Operating Limits and Interconnection Reliability Operating Limits. The PRC Reliability Standards consist of a total of twenty-three Reliability Standards that apply to Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Distribution Providers and Regional Reliability

Organizations and cover a wide range of topics related to the protection and control of power systems.²¹

1. PRC-010-0 Requirement R2 – Assessment of the Design and Effectiveness of UVLS Program

R2. The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall provide documentation of its current UVLS program assessment to its Regional Reliability Organization and NERC on request (30 calendar days).

a. Procedural History

PRC-010-0 was filed on April 4, 2006.

b. Technical Justification for Retirement

Reliability Standard PRC-010 requires transmission owners, transmission operators, LSEs and distribution providers to periodically conduct and document an assessment of the effectiveness of their Under Voltage Load Shedding (“UVLS”) program at least every five years or as required by changes in system conditions. The assessment must be conducted with the associated transmission planner and planning authority. The purpose of PRC-010 is to provide system preservation measures in an attempt to prevent system voltage collapse or voltage instability by implementing an UVLS program. Outside the context of a Reliability Standard, under Section 400 of the NERC Rules of Procedure, NERC and the Regional Entities have the authority to require an entity to submit documentation of its current UVLS program assessment for purposes of monitoring compliance. Thus, the retirement of PRC-010-0 Requirement R2 does not affect the ability of NERC and the Regional Entities to require Reliability Coordinators to produce documentation to monitor compliance with PRC-010-0 Requirement R1 and its sub-

²¹ PRC-001; PRC-002; PRC-003; PRC-004; PRC-005; PRC-006; PRC-007, PRC-008; PRC-009; PRC-010; PRC-011; PRC-012; PRC-013; PRC-014; PRC-015; PRC-016; PRC-017; PRC-018; PRC-019; PRC-020; PRC-021; PRC-022; and PRC-023.

requirements. Furthermore, PRC-010-0 Requirement R1 requires that the entity document an assessment of the effectiveness of its UVLS program:

The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall periodically (at least every five years or as required by changes in system conditions) conduct and document an assessment of the effectiveness of the UVLS program.

Accordingly, the proposed retirement of PRC-010-0 Requirement R2 presents no reliability gap.

2. PRC-022-1 Requirement R2 – Under-Voltage Load Shedding Program Performance

R2. Each Transmission Operator, Load-Serving Entity, and Distribution Provider that operates a UVLS program shall provide documentation of its analysis of UVLS program performance to its Regional Reliability Organization within 90 calendar days of a request.

a. Procedural History

PRC-022-1 was submitted on April 4, 2006.

b. Technical Justification for Retirement

The purpose of Reliability Standard PRC-022 is to ensure that UVLS programs perform as intended to mitigate the risk of voltage collapse or voltage instability in the BES. PRC-022 requires transmission operators, LSEs, and distribution providers to provide analysis, documentation, and misoperation data on UVLS operations to the regional reliability organization.

PRC-022-1, Requirement R2 requires entities to provide documentation of its analysis of its UVLS program performance within 90 days of request. The proposed retirement of PRC-022-1, Requirement R2 is consistent with reliability principles and will not result in a gap in reliability as NERC has the ability to request this information pursuant to Section 400 of the NERC Rules of Procedure. Thus, the proposed retirement of PRC-022-1 Requirement R2 does

not affect the ability of NERC to require Reliability Coordinators to produce documentation to monitor compliance with PRC-022-1 Requirement R1 and its sub-requirements. Furthermore, PRC-022-1 Requirement R1 also requires that the entity document its UVLS performance:

Each Transmission Operator, Load-Serving Entity, and Distribution Provider that operates a UVLS program to mitigate the risk of voltage collapse or voltage instability in the BES shall analyze and document all UVLS operations and Misoperations.

Accordingly, the proposed retirement of PRC-022-1 Requirement R2 presents no gap to reliability. The ERO compliance program efficiency will increase since it will no longer need to track a static requirement of whether a UVLS program assessment was submitted within 30 days of a request by NERC or the Regional Entity, and instead, compliance monitoring may focus on the more substantive requirements of PRC-022-1.

I. Voltage and Reactive Reliability Standards

One standard from the VAR body of Reliability Standards, VAR-001, contains a single requirement proposed for retirement. VAR-001 is dedicated to Voltage and Reactive Control and VAR-002 is dedicated to Generator Operation for Maintaining Network Voltage Schedules. VAR-001 ensures that voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real-time to protect equipment and the reliable operation of the Interconnection. VAR-002 ensures that generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection. These two Reliability Standards, along with two regional standards (VAR-002-WECC-1 and VAR-501-WECC-1), form the VAR Reliability Standards.

1. VAR-001-2, Requirement R5 – Voltage and Reactive Control

R5. Each Purchasing-Selling Entity and Load Serving Entity shall arrange for (self-provide or purchase) reactive resources – which may include, but is not limited to, reactive generation scheduling; transmission line and reactive resource switching; and controllable load– to satisfy its reactive requirements identified by its Transmission Service Provider.

a. Procedural History

VAR-001-1 was submitted on April 4, 2006. When approving VAR-001-1, in Order No. 693 at paragraph 1858, FERC recognized:

[T]hat all transmission customers of public utilities are required to purchase Ancillary Service No. 2 under the OATT or self-supply, but the OATT does not require them to provide information to transmission operators needed to accurately study reactive power needs. The Commission directs the ERO to address the reactive power requirements for LSEs on a comparable basis with purchasing-selling entities.

On March 2, 2011, NERC submitted VAR-001-2, which included revisions to Requirement R5 to satisfy FERC directives in Order No. 693, including the directive in paragraph 1858. This directive was addressed by adding “Load Serving Entities” to the standard as applicable entities and making them subject to the same requirements as purchasing-selling entities (“PSEs”).

b. Technical Justification for Retirement

The proposed retirement of VAR-001-2, Requirement R5 is consistent with reliability principles as this Requirement is (i) redundant with FERC’s *pro forma* open access transmission tariff (“OATT”); and (ii) the reliability objective is achieved via VAR-001-2, Requirement R2.

VAR-001-2, Requirement R5 provides for the PSE and LSE (transmission customers) to arrange for or self-provide reactive resources as required under Schedule 2 of the OATT.

Schedule 2 of the OATT states:

Schedule 2 Reactive Supply and Voltage Control from Generation or Other

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator) are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. A Transmission Customer may satisfy all or part of its obligation through self provision or purchases provided that the self-provided or purchased reactive power reduces the Transmission Provider's reactive power requirements and is from generating facilities under the control of the Transmission Provider or Control Area operator. The Transmission Customer's Service Agreement shall specify any such reactive supply arrangements. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator. The Transmission Provider's rates for Reactive Supply and Voltage Control from Generation Sources Services shall be set out in Appendix A to this Schedule.

Given the importance of the procurement or self-provision of reactive power, even in a market setting, a form of Schedule 2 is found in the tariffs of MISO and PJM, for example. Also, other contractual mechanisms, such as Interchange agreements, also are used to ensure transmission customers (such as PSEs and LSEs) provide reactive power. While NERC complied with FERC's directive to add LSEs to VAR-001-2 Requirement R5, a review of this requirement in light of Schedule 2 indicates that the reliability objective of ensuring that PSEs as well as LSEs either acquire or self provide reactive power resources associated with transmission service

requests is accomplished via Schedule 2, and, therefore, there is no need to reiterate it in VAR-001-2 Requirement R5. The repetitive nature of VAR-001-2 Requirement R5 is also apparent in the context of how a PSE or LSE generally demonstrates compliance – via screenshots from Open Access Same-Time Information System reservations that show the mandatory acquiring or self providing of reactive power resources per Schedule 2.

The reliability objective of VAR-001-2 is also accomplished in VAR-001-2 Requirement R2 (that is not proposed for retirement) which reads:

Each Transmission Operator shall acquire sufficient reactive resources – which may include, but is not limited to, reactive generation scheduling; transmission line and reactive resource switching;, [sic] and controllable load – within its area to protect the voltage levels under normal and Contingency conditions. This includes the Transmission Operator’s share of the reactive requirements of interconnecting transmission circuits.

The Transmission Operator’s adherence to Requirement R2 is a double-check for the obligations under Schedule 2 to ensure there are sufficient reactive power resources to protect the voltage levels under normal and Contingency conditions. This double check, however, does not relieve PSEs and LSEs from their obligations under Schedule 2 of the OATT or Interchange agreements.

In addition, in the Electric Reliability Council of Texas (“ERCOT”) region, where there is no FERC approved OATT, reactive power is handled via Section 3.15 of the ERCOT Nodal Protocols that describes how ERCOT establishes a voltage profile for the grid, and then in detail explains the responsibilities of the Generators, Distribution Providers and Texas Transmission Service Providers (not to be confused with a NERC Transmission Service Provider), to meet the Voltage Profile and ensure that those entities have sufficient reactive support to do so. There is further Operating Guide detail on the responsibilities for entities to deploy reactive resources approximately, within performance criteria in the Operating Guide Section 3. Thus, as in non-ERCOT regions, ERCOT has protocols that are duplicative of VAR-001-2, Requirement R5.

Given the redundant nature of VAR-001-2 Requirement R5, the proposed retirement of this requirement presents no reliability gap.

Respectfully submitted,

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Exhibit A — Paragraph 81 Criteria

Paragraph 81 Criteria

The P 81 Team developed three criteria: (1) Criteria A: an overarching criteria designed to determine that there is no reliability gap created by the proposed retirement; (2) Criteria B: which consists of seven separate identifying criteria designed to recognize requirements appropriate for retirement; and (3) Criteria C: which consists of seven separate questions designed to assist the P 81 Team in making an informed decision regarding whether requirements are appropriate to propose for retirement.

In order for a Reliability Standard Requirement to be proposed for retirement, it must satisfy *both*: (i) Criteria A (the overarching criterion) and (ii) at least one of the Criteria B (identifying criteria). In addition, the data and reference points set forth below in Criteria C were considered to make a more informed decision on whether to proceed with retirement.

Criterion A (Overarching Criterion)

The Reliability Standard requirement requires responsible entities to conduct an activity or task that does little, if anything, to benefit or protect the reliable operation of the BES.

This criterion is based on FERC’s language in P 81 of the March 15th Order.

Section 215(a)(4) of the Federal Power Act defines “reliable operation” as: “... operating the elements of the bulk-power system within equipment and electric system thermal, voltage, and stability limits so that instability, uncontrolled separation, or cascading failures of such system will not occur as a result of a sudden disturbance, including a cybersecurity incident, or unanticipated failure of system elements.”

Criteria B (Identifying Criteria)

B1. Administrative

The Reliability Standard requirement requires responsible entities to perform a function that is administrative in nature, does not support reliability and is needlessly burdensome.

This criterion is designed to identify Requirements that can be removed with little effect on reliability and whose removal will result in an increase in the efficiency of the ERO compliance program. Administrative functions may include a task that is or is not related to developing procedures or plans, such as establishing communication contacts. Thus, for certain requirements, Criterion B1 is closely related to Criteria B2, B3 and B4. Strictly administrative functions do not inherently impact reliability directly and, where possible, should be eliminated for purposes of efficiency and to allow the ERO and entities to allocate resources appropriately.

B2. Data Collection/Data Retention

These are requirements that obligate responsible entities to produce and retain data which document prior events or activities, and should be collected via some other method under NERC's rules and processes.

This criterion is designed to identify requirements that can be removed with little effect on reliability. The collection and/or retention of data do not necessarily have a reliability benefit and yet are often required to demonstrate compliance. Where data collection and/or data retention is unnecessary for reliability purposes, such requirements should be eliminated in order to increase the efficiency of the ERO compliance program.

B3. Documentation

The Reliability Standard requirement requires responsible entities to develop a document (e.g., plan, policy or procedure) which is not necessary to protect BES reliability.

This criterion is designed to identify requirements that require the development of a document that is unrelated to reliability or has no performance or results-based function. In other words, the document is required, but no execution of a reliability activity or task is associated with or required by the document.

B4. Reporting

The Reliability Standard requirement obligates responsible entities to report to a Regional Entity, NERC or another party or entity.

This criterion is designed to identify requirements that obligate Responsible Entities to report to a Regional Entity on activities which have no discernible impact on promoting the reliable operation of the BES and if the entity failed to meet this requirement, there would be little impact on reliability.

B5. Periodic Updates

The Reliability Standard requirement requires responsible entities to periodically update (e.g., annually) documentation, such as a plan, procedure or policy without an operational benefit to reliability.

This criterion is designed to identify requirements that impose an updating requirement that is out of sync with the actual operations of the BES, unnecessary or duplicative.

B6. Commercial or Business Practice

The Reliability Standard requirement is a commercial or business practice, or implicates commercial rather than reliability issues.

This criterion is designed to identify those requirements that require: (i) implementing a best or outdated business practice or (ii) implicating the exchange of or debate on commercially sensitive information while doing little, if anything, to promote the reliable operation of the BES.

B7. Redundant

The Reliability Standard requirement is redundant with: (i) another FERC-approved Reliability Standard requirement(s); (ii) the ERO compliance and monitoring program or (iii) a governmental regulation (e.g., Open Access Transmission Tariff, North American Energy Standards Board (“NAESB”), etc.).

This criterion is designed to identify requirements that are redundant with other requirements and are, therefore, unnecessary. Unlike the other criteria listed in Criterion B, in the case of redundancy, the task or activity itself may contribute to a reliable BES, but it is not necessary to have two duplicative requirements on the same or similar task or activity. Such requirements can be removed with little or no effect on reliability and removal will result in an increase in efficiency of the ERO compliance program.

Criteria C (Additional Data and Reference Points)

To assist in the determination of whether to proceed with the retirement of a Reliability Standard requirement that satisfied both Criteria A and B, the following data and reference points were considered by the P 81 Team to make a more informed decision:

C1. Was the Reliability Standard requirement part of a FFT filing?

This criterion was applied in order to determine what efficiencies would be gained for the NERC compliance program.

C2. Is the Reliability Standard requirement being reviewed in an on-going Standards Development Project?

This criterion was applied in order to determine whether the requirement proposed for retirement was a part of an active on-going standard development project.

C3. What is the VRF of the Reliability Standard requirement?

Each requirement must have an associated violation risk factor (“VRF”) (High, Medium, or Lower). The risk factor is one of several elements used to determine an appropriate sanction when the associated requirement is violated. The risk factor assesses the impact to reliability of violating a specific requirement. This criterion was applied in order to determine what efficiencies would be gained for the NERC compliance program.

C4. In which tier of the 2013 AML does the Reliability Standard requirement fall?

The NERC Actively Monitored List (“AML”) is the minimum scope of compliance audits and consists of a three tiered approach.

- Tier 1 Requirements are those that are the most critical to the purpose and intent of the standard of which they are a part. Additionally, the ability of a registered entity to demonstrate compliance with Tier 1 Requirements will provide guidance to audit teams on the necessity to investigate further and broaden an audit's scope in additional Requirements or reliability standards or both.
- Tier 2 Requirements are also critical to the purpose of a standard, but less so than Tier 1 in that Tier 2 does not address the ERO high-risk priorities as directly as Tier 1. Tier 2 also does not pose as severe a risk as Tier 1. The determination of what tier each assignment is assigned is done using all the data and input mentioned earlier in this section of the report, applied with professional judgment and input from the Regional Entities. This is not to say that compliance with Tier 2 Requirements is not mandatory. Instead, Tier 2 Requirements represent an additional level of inquiry that must be undertaken when a registered entity does not display clear compliance with those most critical Requirements of Tier 1. In the process of this added level of investigation, it may become necessary to branch off into other reliability standards that were not identified as relating directly to an ERO priority.
- Tier 3 Requirements are those that, while still being significant to Bulk-Power System reliability, do not represent the purpose of a reliability standard directly or are not representative of ERO priorities. The exploration of an audit team into the compliance of a registered entity with Tier 3 Requirements will be initiated through links between identified deficiencies in Tier 1 and 2 Requirements and those of Tier 3.

Note, Registered Entities are responsible for compliance with all regulatory approved reliability standards and requirements in effect per their registered functions at all times, regardless of what is specified in the AML.

C5. Is there a possible negative impact on NERC’s published and posted reliability principles?

The application of this criterion involves consideration of eight [reliability principles](#) published on the NERC webpage.²²

C6. Is there any negative impact on the defense in depth protection of the Bulk Electric System?

This criterion is designed to assess whether other Requirements rely on the Requirement proposed for retirement to protect the BES, in recognition of the fact that NERC Reliability Standards are an integrated whole.

C7. Does the retirement promote results or performance based Reliability Standards?

Generally, NERC strives to achieve results-based Reliability Standards, which contain results-based requirements with sufficient clarity to hold entities accountable without being overly prescriptive as to how a specific reliability outcome is to be achieved. This criterion is designed to ensure that the P 81 Project is consistent with this direction.

²² Principle 1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
Principle 2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
Principle 3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.
Principle 4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained, and implemented.
Principle 5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk power systems.
Principle 6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.
Principle 7. The reliability of the interconnected bulk power systems shall be assessed, monitored, and maintained on a wide-area basis.
Principle 8. Bulk power systems shall be protected from malicious physical or cyber attacks. (footnote omitted).

Exhibits B – E and G

(Available on the NERC Website at
http://www.nerc.com/fileUploads/File/Filings/Attachments_P81_filing)

Exhibit F — Summary of the Standard Development Proceedings and Record of Development of Proposed Reliability Standard

I. SUMMARY OF THE STANDARD DEVELOPMENT PROCEEDINGS

a. NERC Reliability Standards Development Procedure

The proposed retirement of Reliability Standards was developed in an open and fair manner and in accordance with the Reliability Standard development process. NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual.²³ NERC's proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards and thus satisfies certain of the criteria for approving Reliability Standards. The development process is open to any person or entity with a legitimate interest in the reliability of the Bulk-Power System. NERC considers the comments of all stakeholders, and a vote of stakeholders and the NERC Board of Trustees is required to approve a Reliability Standard, including the retirement of any Requirement in a Reliability Standard, before the Reliability Standard is submitted to the applicable governmental authorities for approval.

b. Overview of the Project 2013-02 Team

The technical expertise of the ERO is derived from the drafting team. For this project, the Team consisted of fifteen industry experts with a diversity of experience. A detailed set of biographical information for each of the team members is included along with the P 81 Team roster in **Exhibit G**. The development record for the P 81 Project is summarized below.

c. First Posting, Informal Comment Period

²³ The NERC Rules of Procedure are available here: <http://www.nerc.com/page.php?cid=1%7C8%7C169>. The current NERC Standard Processes Manual is available here: http://www.nerc.com/files/Appendix_3A_StandardsProcessesManual_20120131.pdf.

The draft SAR, which included criteria for retiring or modifying requirements, defined phases for the project, and a suggested list of requirements put together by NERC, the regions, and the trades and their member companies for consideration in Phase I, was posted for an informal comment period from August 3, 2012 through September 4, 2012.

In September, the P81 drafting team met to respond to the comments received and finalize the SAR. The revisions resulted in a list of 38 requirements in 22 Reliability Standard versions being proposed for retirement and an additional 13 requirements included for informational purposes only. The P81 Team also developed a Technical White Paper which includes the justification for retiring the proposed requirements included herein as **Exhibit E**.

d. Second Posting, Formal Comment and Initial Ballot

The project with redlined versions of 22 standards showing 38 requirements proposed to be retired for Phase 2 was posted for a 45-day public comment period and initial ballot from October 25, 2012 through December 10, 2012. The initial ballot for the project received a quorum of 75.77% and a 96.45% approval.

The P 81 Team received 32 sets of comments from 113 people from 64 companies representing 8 of the 10 industry segments. No entity showed that a gap in reliability would result from the retirement of the proposed Reliability Standard requirements. The comments were very supportive of the retirement of the proposed Reliability Standard requirements. A few entities provided clarifying comments for consideration in the technical white paper, and those comments have been incorporated to enhance the readability and clarity of the technical white paper. Based on the comments, CIP-001-2a R4 and EOP-004-1 R1 will be moved to Section V of the technical paper entitled “The Initial Phase Reliability Standards Provided for Informational Purposes,” as EOP-004-2 has been filed with regulatory authorities and the EOP-

004-2 implementation plan calls for the retirement of CIP-001-2a R4 and EOP-004-1 R1. This resulted in a final list of 34 requirements in 19 Reliability Standard versions.

e. Third Posting, Recirculation Ballot

The project with redlined versions of 20 standards showing 36 requirements proposed to be retired for Phase 3 was posted for a 10-day recirculation ballot from January 8, 2013 through January 17, 2013. The project received a quorum of 84.60% and a 95.22% approval.

f. Board of Trustees Approval

The final project was approved by the NERC Board of Trustees on February 7, 2013.