

January 8, 2014

VIA ELECTRONIC FILING

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O Box 2319
2300 Yonge Street
Toronto, Ontario, Canada
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Re: *North American Electric Reliability Corporation*

Dear Ms. Walli:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of the North American Electric Reliability Corporation for Deferral of Action. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Holly A. Hawkins
Holly A. Hawkins
Assistant General Counsel for
North American Electric Reliability
Corporation

Enclosure

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**ONTARIO ENERGY BOARD
OF THE PROVINCE OF ONTARIO**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR DEFERRAL OF ACTION**

The North American Electric Reliability Corporation (“NERC”) hereby submits this notice for deferral of action regarding revisions to the Transmission Operations (“TOP”) and Interconnection Reliability Operations and Coordination (“IRO”) Reliability Standards until **January 31, 2015**.

I. BACKGROUND

On April 30, 2013, NERC submitted proposed revisions to Reliability Standard TOP-006-3 to clarify that Transmission Operators are responsible for monitoring and reporting available transmission resources and that Balancing Authorities are responsible for monitoring and reporting available generation resources.

On May 14, 2013, NERC submitted three revised TOP Reliability Standards: TOP-001-2 (Transmission Operations), TOP-002-3 (Operations Planning), TOP-003-2 (Operational Reliability Data), and one Protection Systems (PRC) Reliability Standard, PRC-001-2 (System Protection Coordination) (collectively, the “TOP Standards”) to replace the eight currently-effective TOP standards. Additionally, on May 14, 2013, NERC submitted four revised IRO Reliability Standards: IRO-001-3 (Responsibilities and Authorities), IRO-002-3 (Analysis

Tools), IRO-005-4 (Current Day Operations), and IRO-014-2 (Coordination Among Reliability Coordinators) (collectively, the “IRO Standards”) to replace six currently-effective IRO standards.

On November 21, 2013, the Federal Energy Regulatory Commission (“FERC”) issued a Notice of Proposed Rulemaking (“NOPR”) addressing the three filings noted above (the TOP-006-3 petition, the TOP Standards petition, and the IRO Standards filing), which proposes to approve the proposed TOP-006-3 standard but remand the proposed TOP and IRO Standards.¹ In the NOPR, FERC raises a concern that NERC “has removed critical reliability aspects that are included in the currently-effective standards without adequately addressing these aspects in the proposed standards.”² For example, FERC cites the fact that the proposed TOP Standards do not require Transmission Operators to plan and operate within all System Operating Limits (“SOLs”), which is a requirement in the currently effective standards.³

II. NOTICES AND COMMUNICATIONS

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

¹ *Monitoring System Conditions- Transmission Operations Reliability Standard Transmission Operations Reliability Standards Interconnection Reliability Operations and Coordination Reliability Standards*, 145 FERC ¶ 61,158 (2013)(“NOPR”).

² NOPR at P 4.

³ NOPR at P 4.

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III. NOTICE

Consistent with NERC’s responsibility as the Electric Reliability Organization (“ERO”) to develop Reliability Standards that provide for an adequate level of reliability of the Bulk-Power System, any action should be deferred to allow NERC time to consider the reliability concerns raised by FERC in the NOPR. With respect to the proposed TOP and IRO Standards, NERC recently commissioned an independent review of its Reliability Standards, which also noted concerns with the TOP and IRO Reliability Standards submitted in this proceeding.⁴ Specifically, the independent review identified the proposed TOP-001-2 (Transmission Operations), PRC-001-2 (System Protection Coordination), IRO-001-3 (Responsibilities and Authorities), and IRO-005-4 (Current Day Operations) as high risk standards requiring improvement.⁵ Given these concerns, and the issues identified by FERC in the NOPR, revisions to the proposed Reliability Standards may be required. Accordingly, any action should be

⁴ Available at: http://www.nerc.com/pa/Stand/Standards%20Development%20Plan%20Library/Standards_Independent_Experts_Review_Project_Report.pdf.

⁵ The complete *Standards Independent Experts Review Project* report is available at: http://www.nerc.com/pa/Stand/Standard%20Development%20Plan/Standards_Independent_Experts_Review_Project_Report-SOTC_and_Board.pdf.

deferred regarding the revisions until **January 31, 2015**.⁶

As described in **Attachment A**, NERC will hold two technical conferences to identify and assess concerns regarding the TOP and IRO Standards, such as the monitoring of SOLs, unknown operating states, and outage coordination. Concurrently, NERC will work with the NERC Standards Committee to re-formulate a standard drafting team to begin development work on revisions to the proposed standards, which would be informed by the technical conferences. Additionally, in response to the concerns noted by FERC in the NOPR on the development of a minimum set of analytical tools (analysis and monitoring capabilities) to ensure that a Reliability Coordinator has the tools it needs to perform its functions (“Real-Time Tools”), NERC will continue development of standards that address Real-Time Tools as they relate to the proposed TOP and IRO standards, which could continue to be included as part of Project 2009-02, Real-time Monitoring and Analysis Capabilities, or in revisions to the proposed TOP and IRO standards. Conforming changes to standards outside of the scope of this proceeding may be required depending on the extent of the changes made to the proposed TOP and IRO Standards.⁷

Deferring action on the NOPR until January 31, 2015 will provide NERC time to hold the technical conferences and develop any necessary revisions to the TOP and IRO standards. While a deferral until January 31, 2015 may seem extended at first glance, the proposed schedule is compressed given the complexity of these highly technical issues and the necessity to reach consensus through the standard development process. Given the scope of the work and the need

⁶ With respect to the proposed TOP-006-3 Reliability Standard, while FERC raised no significant concerns in the NOPR related to this standard, the deferral should also apply to that pending standard given that it was addressed by FERC in the same NOPR as the proposed TOP and IRO standards. NERC will re-file the proposed TOP-006-3 standard separate from this proceeding.

⁷ For example, in order to address FERC’s concerns with respect to the requirement in the proposed standards that a Transmission Operator must only provide notification of SOLs identified in a next-day Operational Planning Analysis rather than in the same-day or real-time operational time horizon, changes may need to be made to other IRO standards outside the scope of this proceeding.

for a deferral of Commission action on these standards, NERC commits to providing the Commission with quarterly reports regarding the status of revisions.

Deferral of any action will provide NERC and the industry the opportunity to thoroughly examine the technical concerns raised in the NOPR, will afford time to review the proposed TOP and IRO Standards through the NERC standards development process, and will help the industry, NERC, and FERC work toward a common set of solutions to develop a set of standards that are technically justifiable and important for reliability.

Respectfully submitted,

/s/ Holly A. Hawkins

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ATTACHMENT A

Monitoring System Conditions – Transmission Operations Reliability Standards and Interconnection Reliability Operations and Coordination Reliability Standards

DRAFT Technical Conference Agenda

- I. The Need for Revisions to the TOP and IRO Reliability Standards**
 - Notice of Proposed Rulemaking, 145 FERC ¶ 61,158 (2013)
 - Proposed directives

- II. Technical Issues**
 - System Operating Limits
 - Plan and Operate within all System Operating Limits
 - § 30 Minute Timeframe or T_m concept

 - System Models, Operating and Tools
 - Operating to Respect the Most Severe Single Contingency in Real-time Operations and Unknown Operating Status
 - Analysis capabilities in Real-time operations
 - Are requirements for monitoring necessary in standards or is certification a sufficient backstop for this capability?

 - Primary Decision-Making Authority for Mitigation of Interconnection Reliability Operating Limits/System Operating Limits
 - Does the Reliability Coordinator have sole responsibility for IROs?

 - Planned Outage Coordination

 - Use of the term ‘Reliability Directive’