



December 17, 2009

**VIA ELECTRONIC FILING**

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto, Ontario, Canada  
M4P 1E4

Re: *North American Electric Reliability Corporation*

Dear Ms. Walli:

The North American Electric Reliability Corporation (NERC) hereby submits this petition for approval of five NERC Reliability Standards, two modifications to definitions and 18 new definitions, that are contained in **Exhibit A** to this petition:

- MOD-001-1 — Available Transmission System Capability
- MOD-008-1 — TRM Calculation Methodology
- MOD-028-1 — Area Interchange Methodology
- MOD-029-1 — Rated System Path Methodology
- MOD-030-2 — Flowgate Methodology

Concurrent with the request for approval for five reliability standards, NERC withdraws its request for approval of the following Reliability Standards as these standards are wholly superseded by those presented for approval:

- MOD-001-0 — Documentation of Total Transfer Capability and Available Transfer Capability Calculation Methodologies

- MOD-002-0 — Review of Transmission Service Provider Total Transfer Capability and Available Transfer Capability Calculations and Results
- MOD-003-0 — Regional Procedure for Input on Total Transfer Capability and Available Transfer Capability Methodologies and Values
- MOD-008-0 — Documentation and Content of Each Regional Transmission Reliability Margin Methodology
- MOD-009-0 — Procedure for Verifying Transmission Reliability Margin Values

The proposed reliability standards and associated definitions have been approved by the NERC Board. The standards significantly increase the rigor and structure of ATC calculations and related methodologies and help FERC address one of its top priorities, Open Access Transmission Tariff reform through increased transparency, standardization, and consistency in ATC calculations. Please note that, at this time, NERC is not filing the associated Violation Risk Factors (VRFs) with these standards. While associated VRFs have been developed and balloted, NERC’s Board of Trustees believes further review of the VRFs is warranted given recent Federal Energy Regulatory Commission (“FERC”) actions in general and the development history of these VRFs in particular. NERC will submit VRFs for these proposed standards in a future filing.

NERC’s petition consists the following:

- This transmittal letter;
- A table of contents for the entire petition;
- A narrative description justifying the proposed reliability standards;
- Reliability Standards MOD-001-1, MOD-008-1, MOD-028-1, MOD-029-1 and MOD-030-2 submitted for approval (**Exhibit A**);
- Standard Drafting Team Roster (**Exhibit B**); and
- The complete development record of the proposed Reliability Standards (**Exhibit C**).

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Rebecca J. Michael

Rebecca J. Michael

*Assistant General Counsel for  
North American Electric Reliability  
Corporation*



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## **I. INTRODUCTION**

The North American Electric Reliability Corporation (NERC), hereby requests approval of five proposed Reliability Standards:

- MOD-001-1 — Available Transmission System Capability
- MOD-008-1 — Transmission Reliability Margin Calculation Methodology
- MOD-028-1 — Area Interchange Methodology
- MOD-029-1 — Rated System Path Methodology
- MOD-030-2 — Flowgate Methodology

In addition, NERC withdraws its request for approval of the following Reliability Standards as these standards are wholly superseded by those presented for approval with this request to take effect upon approval of the proposed standards:

- MOD-001-0 — Documentation of Total Transfer Capability and Available Transfer Capability Calculation Methodologies
- MOD-002-0 — Review of Transmission Service Provider Total Transfer Capability and Available Transfer Capability Calculations and Results
- MOD-003-0 — Regional Procedure for Input on Total Transfer Capability and Available Transfer Capability Methodologies and Values
- MOD-008-0 — Documentation and Content of Each Regional Transmission Reliability Margin Methodology
- MOD-009-0 — Procedure for Verifying Transmission Reliability Margin Values

In addition, NERC requests approval of the following twenty definitions that are used in the five proposed standards, two of which wholly replace existing terms in the NERC Glossary of Terms:<sup>1</sup>

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<sup>1</sup> These include Available Transfer Capability and Flowgate.

**Area Interchange Methodology:** The Area Interchange Methodology is characterized by determination of incremental transfer capability via simulation, from which Total Transfer Capability (TTC) can be mathematically derived. Capacity Benefit Margin (CBM), Transmission Reliability Margin (TRM), and Existing Transmission Commitments (ETC) are subtracted from the TTC, and Postbacks and counterflows are added, to derive Available Transfer Capability (ATC). Under the Area Interchange Methodology, TTC results are generally reported on an area to area basis.

**ATC Path:** Any combination of Point of Receipt (POR) and Point of Delivery (POD) for which Available Transfer Capability (ATC) is calculated; and any Posted Path.

**Available Flowgate Capability (AFC):** A measure of the flow capability remaining on a Flowgate for further commercial activity over and above already committed uses. It is defined as Total Flowgate Capability (TFC) less Existing Transmission Commitments (ETC), less a Capacity Benefit Margin (CBM), less a Transmission Reliability Margin (TRM), plus Postbacks, and plus counterflows.

**Available Transfer Capability (ATC):** A measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability (TTC) less Existing Transmission Commitments (ETC) (including retail customer service), less a Capacity Benefit Margin (CBM), less a Transmission Reliability Margin (TRM), plus Postbacks, plus counterflows.

**Available Transfer Capability Implementation Document (ATCID):** A document that describes the implementation of a methodology for calculating Available Transfer Capability (ATC) or Available Flowgate Capability (AFC), and provides information related to a Transmission Service Provider's calculation of ATC or AFC.

**Block Dispatch:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, the capacity of a given generator is segmented into loadable "blocks," each of which is grouped and ordered relative to other blocks (based on characteristics including, but not limited to, efficiency, run of river or fuel supply considerations, and/or "must-run" status).

**Business Practices:** Those business rules contained in the Transmission Service Provider's applicable tariff, rules, or procedures; associated Regional Reliability Organization or Regional Entity business practices; or North American Energy Standards Board (NAESB) Business Practices.

**Dispatch Order:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, each generator is ranked by priority.

**Existing Transmission Commitments (ETC):** Committed uses of a Transmission Service Provider's Transmission system considered when determining Available Transfer Capability (ATC) or Available Flowgate Capability (AFC).

**Flowgate:**

- 1.) A portion of the Transmission system through which the Interchange Distribution Calculator calculates the power flow from Interchange Transactions.
- 2.) A mathematical construct, comprised of one or more monitored transmission Facilities and optionally one or more contingency Facilities, used to analyze the impact of power flows upon the Bulk Electric System.

**Flowgate Methodology:** The Flowgate methodology is characterized by identification of key Facilities as Flowgates. Total Flowgate Capabilities (TFC) are determined based on Facility Ratings and voltage and stability limits. The impacts of Existing Transmission Commitments (ETCs) are determined by simulation. The impacts of ETC, Capacity Benefit Margin (CBM) and Transmission Reliability Margin (TRM) are subtracted from the TFC, and Postbacks and counterflows are added, to determine the Available Flowgate Capability (AFC) value for that Flowgate. AFCs can be used to determine Available Transfer Capability (ATC).

**Outage Transfer Distribution Factor (OTDF):** In the post-contingency configuration of a system under study, the electric Power Transfer Distribution Factor (PTDF) with one or more system Facilities removed from service (outaged).

**Participation Factors:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, generators are assigned a percentage that they will contribute to serve load.

**Planning Coordinator:** *See* Planning Authority.

**Postback:** Positive adjustments to Available Transfer Capability (ATC) or Available Flowgate Capability (AFC) as defined in Business Practices. Such Business Practices may include processing of redirects and unscheduled service.

**Power Transfer Distribution Factor (PTDF):** In the pre-contingency configuration of a system under study, a measure of the responsiveness or change in electrical loadings on transmission system Facilities due to a change in electric power transfer from one area to another, expressed in percent (up to 100%) of the change in power transfer .

**Rated System Path Methodology:** The Rated System Path Methodology is characterized by an initial Total Transfer Capability (TTC), determined via simulation. Capacity Benefit Margin (CBM), Transmission Reliability Margin (TRM), and Existing Transmission Commitments (ETC) are subtracted from TTC, and Postbacks and counterflows are added as applicable, to derive Available Transfer Capability (ATC). Under the Rated System Path Methodology, TTC results are generally reported as specific transmission path capabilities.

**Total Flowgate Capability (TFC):** The maximum flow capability on a Flowgate, is not to exceed its thermal rating, or in the case of a flowgate used to represent a specific operating constraint (such as a voltage or stability limit), is not to exceed the associated System Operating Limit.

**Transmission Operator Area:** The collection of Transmission assets over which the Transmission Operator is responsible for operating.

**Transmission Reliability Margin Implementation Document (TRMID):** A document that describes the implementation of a Transmission Reliability Margin (TRM) methodology, and provides information related to a Transmission Operator's calculation of TRM.

NERC's filing for approval of these standards marks a significant milestone toward achieving one of FERC's top priorities — Open Access Transmission Tariff reform. These proposed standards result from a tremendous effort by the NERC standard drafting team, working collaboratively with the North American Energy Standards Board (NAESB), and the industry over several years to address a series of very complex and challenging issues. The resulting standards proposed in this filing add a significant amount of rigor and structure to the calculation of Available Transfer Capability (ATC) and its related methodologies and requires a much higher level of consistency and transparency than required currently — all key objectives of FERC's Order No. 890.

The NERC Board of Trustees approved these five Reliability Standards and associated definitions on August 26, 2008.<sup>2</sup> MOD-030-2 was approved by the NERC Board of Trustees on February 10, 2009.<sup>3</sup> NERC requests approval of these proposed Reliability Standards and terms, to be made effective in accordance with the implementation plan accompanying each proposed. **Exhibit A** to this filing sets forth the five proposed Reliability Standards and definitions. **Exhibit B** contains the standard drafting team roster that developed the five proposed Reliability Standards. **Exhibit C** contains the complete development record of the proposed Reliability Standards

Note that NERC is not filing the associated Violation Risk Factors (VRFs) with these standards. While VRFs have been developed and balloted for each of the five proposed standards, the NERC Board of Trustees believes further review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. In accordance with its Rules of Procedure, NERC will submit VRFs for these proposed standards in a future filing.

NERC filed with FERC MOD-001-1, MOD-008-1, MOD-028-1, and MOD-029-1 on August 29, 2008 and MOD-030-2 on March 6, 2009, and is filing these proposed Reliability Standards with the other applicable governmental authorities in Canada.

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<sup>2</sup> NERC had included in its August 26, 2008 filing to FERC a request for approval of MOD-030-1. NERC withdrew that request in its March 6, 2009 filing with FERC, instead requesting approval of MOD-030-2.

<sup>3</sup> The proposed effective date for MOD-030-2 is the date upon which MOD-030-1 is currently proposed to become effective. Per NERC's August 29, 2008 filing, the implementation plan for MOD-030-1 standard requires compliance the first day of the first quarter no sooner than one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-028-1 and MOD-029-1). Because MOD-030-2 is proposed to wholly supersede MOD-030-1, NERC specifies that MOD-030-2 be made effective the first day of the first quarter no sooner than one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-028-1 and MOD-029-1).

## **II. NOTICES AND COMMUNICATIONS**

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

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## **III. BACKGROUND**

### **a. Reliability Standards Development Procedure**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which is incorporated into the Rules of Procedure as Appendix 3A.

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 for submission to the applicable governmental authority.

The proposed reliability standards and terms set out in **Exhibit A** have been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and they were approved on August 26, 2008 for filing with the

applicable governmental authority by the NERC Board of Trustees, with the exception of the VRFs which were remanded to NERC and have been deleted from Attachment A.

### **b. Progress in Improving Proposed Reliability Standards**

NERC continues to develop new and revised reliability standards that address the issues NERC identified in its initial filing of proposed reliability standards in April 2006, the concerns noted in the FERC Staff Report issued on May 11, 2006, and the directives FERC included in several orders pertaining to NERC's reliability standards.<sup>4</sup> NERC has incorporated these activities into its *Reliability Standards Development Plan: 2008-2010* that was submitted on October 11, 2007. The reliability standards proposed for approval are new or modified versions of reliability standards that address key goals of FERC as articulated in Order No. 890.

### **c. Key Objectives of Order No. 890**

On February 16, 2007, FERC issued Order No. 890 – Preventing Undue Discrimination and Preference in Transmission Service. Order No. 890:

- Strengthens the *pro forma* Open Access Transmission Tariff (OATT) to ensure it achieves its original purpose of remedying undue discrimination.
- Provides greater specificity in the *pro forma* OATT, in order to reduce opportunities for the exercise of undue discrimination and to make it easier to detect and enforce undue discrimination.
- Increases the transparency in the rules that apply to planning and the use of the transmission system.

A significant reform in Order No. 890 calls for greater consistency and transparency in the calculation of ATC. ATC is a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. In the Order, FERC concluded that the absence of a

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<sup>4</sup> See Order No. 693 and 693-A.

consistent ATC methodology increases the discretion of transmission providers and the opportunities for undue discrimination in the application of the *pro forma* OATT. As a result, in Order Nos. 890 and Order-890-A, FERC required:

- Consistency in all ATC calculation components and some data inputs and modeling assumptions, as well as consistency in the exchange of data between transmission providers;
- Public utilities, working through NERC and NAESB, to develop appropriate standards;
- Increased transparency of ATC calculations through the inclusion in each transmission provider's OATT of its specific ATC calculation methodology, and through posting of relevant data and models on each transmission provider's OASIS; and,
- Transmission providers to post on OASIS metrics relating to transmission requests that are approved and rejected.

Generally, ATC is defined as follows:

ATC = Total Transfer Capability (TTC) – Existing Transmission Commitments (ETC) – Capacity Benefit Margin (CBM) – Transmission Reliability Margin (TRM).

FERC issued Order No. 729 on November 24, 2009, in which it approved MOD-001-1, MOD-004-1<sup>5</sup>, MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-2, as well as the related additions to the NERC Glossary.<sup>6</sup> FERC, however, directed NERC to make certain modifications to the standards to address discrete issues involving the availability of each transmission service provider's implementation documents; the consistent treatment of assumptions in the calculation of available transfer capability; the calculation, allocation, and use of capacity benefit margin; the calculation of total transfer capability under the Rated System Path Methodology; the treatment of network resource

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<sup>5</sup> Reliability Standard MOD-004-1 was submitted for approval on April 7, 2009.

<sup>6</sup> See *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, 129 FERC ¶ 61,155 (2009).

designations in the calculation of available transfer capability; and several other issues raised by commenters.

FERC also denied NERC's request to withdraw Reliability Standards FAC-012-1 and FAC-013-1, finding that those two standards were not wholly superseded by the new standards. FERC directed changes in FAC-012-1 and FAC-013-1 to conform them to the new standards.

#### **IV. JUSTIFICATION FOR APPROVAL OF PROPOSED RELIABILITY STANDARDS**

This section summarizes the development of the proposed reliability standards and provides evidence that the proposed standards are just, reasonable, not unduly discriminatory or preferential and in the public interest. This section describes the reliability objectives to be achieved by approving the standards and how the reliability standards meet FERC's objectives in Order Nos. 693, 890, 890-A and 890-B.

The standard drafting team roster is provided in **Exhibit B**. The complete development record for the proposed reliability standards is available in **Exhibit C**. This record includes the successive drafts of the reliability standards, the implementation plans, the ballot pool and the final ballot results by registered ballot body members, stakeholder comments received during the development of the reliability standards, and how those comments were considered in developing the reliability standards.

NERC's response to Order No. 890 directives requires a closely coordinated effort between NERC and the NAESB. To that end, NERC and NAESB have worked closely and collaboratively, conducting over sixteen joint meetings and conference calls, to develop the NERC reliability standards proposed here and the related NAESB

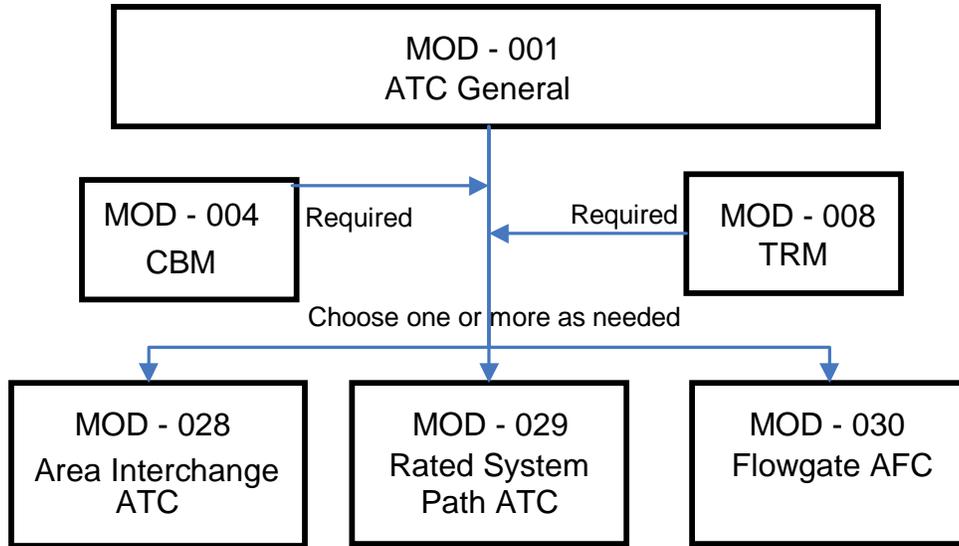
business-practice standards that will be submitted in accordance with FERC's Order. In general, NERC and NAESB have agreed that any item that is directly related to the Open-Access Same-time Information System (OASIS) or other commercial interactions between Transmission Customers and Transmission Providers are within the scope of NAESB activities. This includes the posting of information on the OASIS, addressing customer data requests, and the purchase and sale of services. Items within NERC's scope include activities pertaining to planning or operations of the bulk power system. The NERC Reliability Standards have generally been drafted with the intent that NAESB can easily reference and build upon the work within the NERC standards, a result that is possible through the close coordination between the parties.

In drafting the proposed standards, the NERC standard drafting team utilized an "umbrella" standard (MOD-001-1) that contains the generic requirements for all three methods of calculating ATC, a separate standard for each of three methodologies (Area Interchange, Rated System Path, Flowgate) permitted by Order No. 890, and separate standards for calculating the capacity benefit and transmission reliability margins. The implementation of MOD-001-1, MOD-028-1, MOD-029-1, and MOD-030-2 must occur contemporaneously, while MOD-008-1 which deals with TRM can occur independently from the other proposed standards.

The framework outlined below describes the approach that was implemented for the set of standards<sup>7</sup> proposed for approval:

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<sup>7</sup> MOD-004-1 — Capacity Benefit Margin is included in the suite of ATC standards, but it is not being proposed for approval in this filing. The Commission has granted NERC an extension until November 21, 2008 for the filing of MOD-004-1.



- MOD-001-1 — Available Transfer Capability, which requires the selection of an ATC methodology and describes the parts of the ATC process that apply to all entities, regardless of methodology chosen.

- MOD-008-1 — Transmission Reliability Margin, which describes the reliability aspects of determining and maintaining a Transmission Reliability Margin and what components of uncertainty may be considered when making that determination.

- MOD-028-1 — Area Interchange Methodology, which describes the Area Interchange methodology (previously referred to as the Network Response ATC methodology) for determining ATC.

- MOD-029-1 — Rated System Path Methodology, which describes the Rated System Path methodology for determining ATC.

- MOD-030-2 — Flowgate Methodology, which describes the Flowgate methodology (previously referred to as the Flowgate Network Response ATC methodology) for determining ATC.

All three methodology standards (MOD-028-1, MOD-029-1 and MOD-030-2) share fundamental equations that are mathematically equivalent, although they may be written in slightly different forms. The manner of determining the components, however, does vary between methodologies. The employment of any two methodologies, given the same inputs, will produce similar, but not identical, results.

The proposed set of ATC-related standards are superior to the existing set of “fill-in-the-blank” ATC standards in that they require adherence by the applicable entities to a specific methodology that is both explicitly documented and available to reliability entities who request it. Required documentation includes detailed representations of the various components that comprise the ATC equation. Applicable entities also are required to calculate ATC on a consistent schedule and for specific timeframes, to specify modeling and risk assumptions, and to disclose outage processing rules to other reliability entities. These actions make the processes to calculate ATC and its various components much more transparent and will help ensure consistency in application.

In addition, applicable entities are prohibited from making transmission capability available on a more conservative basis for commercial purposes than either for planning for native load or for use in actual operations, thereby mitigating the potential for differing treatment of native load customers and transmission service customers. Data exchange, which has been heretofore voluntary, is now mandatory under the proposed standards, and it is required that the data be used in the ATC/AFC process. None of these aspects are required in the current ATC-related standards. These significant improvements help FERC achieve many of its primary objectives of Order No. 890 regarding transparency, standardization and consistency in ATC calculations.

## **1. MOD-001-1 – Available Transmission System Capability**

### **a. Basis and Purpose of MOD-001-1**

The purpose of NERC MOD-001-1 is to ensure that Transmission Service Providers (TSPs) perform calculations to maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors.

The proposed MOD-001-1 standard consists of nine requirements, summarized as follows:

- R1. A Transmission Operator (TOP) must select a single methodology (Area Interchange, Rated System Path or Flowgate) for calculating ATC or Available Flowgate Capability (AFC) for each ATC Path for each time frame (hourly, daily or monthly) for those facilities in it area.
- R2. A TSP must calculate ATC or AFC values hourly for the next 48 hours, daily for the next 31 calendar days and monthly for the next 12 months.
- R3. A TSP must keep an ATC Implementation Document (ATCID) that explains their implementation of their chosen methodology(ies), their use of counterflows, the identities of entities with which they exchange ATC information for coordination purposes, any capacity allocation processes, and the manner in which they consider outages.
- R4. A TSP is required to keep the following reliability entities advised regarding changes to the ATCID: each Planning Coordinator associated with the TSP's Area, each Reliability Coordinator associated with the TSP's area, each TOP associated with the TSP's area, each Planning Coordinator adjacent to the TSP's area, each Reliability Coordinator adjacent to the TSP's area, and each TSP whose area is adjacent to the TSP's area.
- R5. A TSP is required to make the ATCID available to those same reliability entities.
- R6. The TOP's calculation of TTC or TFC shall use assumptions no more limiting than those used in the planning of operations.
- R7. The TSP's calculation of ATC or AFC shall use assumptions no more limiting than those used in the planning of operations.

R8. A TSP shall recalculate ATC at a certain specified periodicity (hourly - once per hour, daily - once per day, monthly - once per week) unless the input values specified in the ATC calculation have not changed.

R9. A TSP must support requests for the following information from other reliability entities to support accurate calculation of ATC or AFC: expected generation and Transmission outages, additions, and retirements; load forecasts; unit commitments and order of dispatch, to include all designated network resources and other resources that are committed or have the legal obligation to run, as they are expected to run, in one of the following formats chosen by the data provider: Dispatch Order, Participation Factors, or Block Dispatch; aggregated firm capacity set-aside for Network Integration Transmission Service and aggregated non-firm capacity set aside for Network Integration Transmission Service (*i.e.* Secondary Service); firm and non-firm Transmission reservations; aggregated capacity set-aside for Grandfathered obligations; firm roll-over rights; any firm and non-firm adjustments applied by the TSP to reflect parallel path impacts; power flow models and underlying assumptions; contingencies, provided in one or more of the following formats: a list of Elements, a list of Flowgates, or a set of selection criteria that can be applied to the Transmission model used by the TOP and/or TSP; Facility Ratings; any other services that impact ETCs; values of CBM and TRM for all ATC Paths or Flowgates; values of TFC and AFC for any Flowgates considered by the TSP receiving the request when selling Transmission service; values of TTC and ATC for all ATC Paths for those TSPs receiving the request that do not consider Flowgates when selling Transmission Service; and source and sink identification and mapping to the model.

NERC's implementation plan for MOD-001-1 reliability standard requires compliance the first day of the first quarter no sooner than one calendar year after approval of this standard and its related three methodology standards (MOD-028-1, MOD-029-1 and MOD-030-2) by all appropriate regulatory authorities. Since the three methodology standards require information from neighboring reliability entities for use in the development of its ATC and AFC values that is compulsory under MOD-001-1, Requirement R9, none of the methodology standards can be effectively implemented unless and until MOD-001-1 has been implemented by all entities in all jurisdictions.

**b. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**Proposed reliability standard is designed to achieve a specified reliability goal**

Proposed reliability standard MOD-001-1 is part of a set of Reliability Standards (MOD-001-1, MOD-028-1, MOD-029-1 and MOD-030-2) that are designed to work together to support a common reliability goal: to ensure that TSPs “maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors.” Historically, differences in implementations of ATC methodologies and a lack of coordination between TSPs have resulted in cases where ATC has been overestimated; and, as a result, systems have been oversold, resulting in potential or actual System Operating Limit (SOL) and Interconnection Reliability Operating Limit (IROL) violations. The MOD-001-1 standard is the foundational standard that obliges entities to select a methodology and then calculate ATC or AFC using that methodology, thereby ensuring that the determination of ATC is accurate and consistent across North America and that the transmission system is neither oversubscribed nor underutilized.

**Proposed reliability standard contains a technically sound method to achieve the goal**

By definition, accurate results will lead to a more accurate understanding of available transmission system capability and future flows on the transmission system.

MOD-001-1 requires adherence to a specific documented and transparent methodology, unlike the current set of ATC standards. MOD-001-1 requires entities to calculate ATC on a consistent schedule and for specific timeframes. In MOD-001-1,

counterflow assumptions and outage processing rules are specifically required to be disclosed to other reliability entities. Applicable entities are prohibited from making transmission capability available on a more conservative basis for commercial purposes than the system's capability in actual operations. Data exchange, which to date has been strictly on a voluntary basis, has now become mandatory, and it is mandatory that the data be used. This marks a significant departure from current practice. In addition, this standard embodies the industry's consensus best practices for determining ATC.

**Proposed reliability standard is applicable to users, owners, and operators of the bulk power system, and not others**

Proposed reliability standard MOD-001-1 is applicable only to users, owners and operators of the bulk power system, and not others. All requirements in the reliability standard apply to TOPs and TSPs. The proposed reliability standard does not impose requirements on any entities other than TOPs and TSPs as detailed above.

**Proposed reliability standard is clear and unambiguous as to what is required and who is required to comply**

Proposed reliability standard MOD-001-1 applies to TOPs and TSPs. Each requirement in the standard explicitly identifies entities that have an obligation to comply with the requirement. Each applicable entity is clearly identified and the expected action is expressly stated as set forth above in the section discussing the basis and purpose of MOD-001-1. Additionally, there is a specific measure and violation severity level for each requirement, and the entities responsible for compliance with the standard are clearly identified. The proposed reliability standard requirements are clear and unambiguous as to what is expected from applicable entities.

**Proposed reliability standard and associated compliance elements includes clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

**Violation Risk Factor Assignments**

The balloted reliability standard included a VRF for each main requirement in the reliability standard. For all the requirements in the balloted MOD-001-1 reliability standard, the applicable VRFs were “Lower.” In developing the VRF assignments, there were opposing viewpoints with respect to the appropriate assignments. One view offered that ATC and its associated methodologies do not directly affect the electrical state of the system or the ability to monitor or control it as would be required under the “Medium” VRF assignment. An incorrect ATC calculation may lead to oversubscribing or undersubscribing the system. Undersubscribing, while affecting the potential for commercial activity, actually benefits reliability. Oversubscribing the system as a result of an optimistic ATC value, while somewhat beneficial to commercial activity, may lead to a reliability concern that if realized can be managed by the operator’s adherence to its limits, to the extent that it has options to implement some measure of transmission loading relief to reduce flows due to transactions. To become a reliability issue requires an optimistic ATC value, coupled with the sale of the available transmission capability, and an operator not mindful to the limits, the last of which is governed by other Transmission Operator (TOP) and Interconnection Operating (IRO) standards. On this argument, a determination of VRFs at “Medium” due to the “direct” impact is questionable.

On this basis, the standard drafting team evaluated the scope of the remaining work to meet the FERC deadline and focused its attention to the technical issues,

adjusting the VRFs to “Lower” based on the industry comments and the arguments presented above. However, NERC’s Board of Trustees believes that a more thorough review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. NERC’s Board of Trustees has asked NERC staff to review these VRFs through an open stakeholder process to ensure that they are consistent with the intent of the VRF definitions and prior FERC decisions on VRFs that have previously been rendered. Accordingly, NERC is not filing the associated VRFs with these standards at this time. NERC will submit VRFs for these proposed standards in a future filing.

### **Violation Severity Level Assignment**

The proposed standard includes Violation Severity Levels (VSLs) that are specific to the individual Requirements. The ranges of penalties for violations are based on the applicable VRF and violation severity levels and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines, Appendix 4B in NERC’s Rules of Procedure.

R1. This requirement is treated as a pass/fail requirement. If at least one methodology has not been selected that applies to all the facilities within the transmission operating area, a “Severe” violation has occurred.

R2. This requirement has multiple VSLs, based on the amount of ATC/AFC values that have not been calculated as described in the requirement. VSLs range from “Lower” to “Severe.”

R3. This requirement has multiple VSLs based on how far out of date the ATCID is, or how complete the ATCID is. VSLs range from “Lower” to “Severe.”

R4. This requirement has multiple VSLs based on how “late” the entity notified others about changes in the ATCID. VSLs range from “Lower” to “Severe.”

R5. This requirement is treated as a pass/fail requirement. If the ATCID has not been made available to the listed entities, a “Severe” violation has occurred.

R6. This requirement has multiple VSLs based on the number of paths or flowgates where TTC or TFC was determined using assumptions that were more restrictive than those used in the planning of operations. VSLs range from “Lower” to “Severe.”

R7. This requirement has multiple VSLs based on the number of paths or flowgates where ATC or AFC was determined using assumptions that were more restrictive than those used in the planning of operations. VSLs range from “Lower” to “Severe.”

R8. This requirement has multiple VSLs based on how much time has passed since data was recalculated based on the rules in the requirement. VSLs range from “Lower” to “Severe.”

R9. This requirement has multiple VSLs based on the amount of time that has expired since the data was required to be produced. VSLs range from “Moderate” to “Severe.”

**Proposed reliability standard identifies clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

Each Requirement in the proposed reliability standard is supported by a measure that clearly identifies what is required and how the requirement will be enforced. These nine measures will ensure the Requirements are clearly administered for enforcement in a consistent manner and without prejudice to any party. These nine measures are included in Section C of the proposed reliability standard.

**Proposed reliability standard achieves a reliability goal effectively and efficiently - but does not necessarily have to reflect “best practices” without regard to implementation cost**

The proposed reliability standard helps the industry achieve the stated reliability goal effectively and efficiently. While NERC believes that some entities will be required to change their current implementations to comply with the standard, NERC does not

believe that the implementation costs will be unduly burdensome. NERC believes the potential benefit of having a truer representation of ATC/AFC such that the commercial availability of the system better matches actual remaining capability will outweigh the implementation costs.

**Proposed reliability standards is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect bulk power system reliability**

MOD-001-1 does not reflect a “lowest common denominator” approach. This standard represents a significant improvement to the previous version of the standard, and increases reliability. The original standard was “fill-in-the-blank” in nature, only requiring that a regional ATC methodology be developed. This proposed version of the MOD-001-1 standard provides very specific requirements that require details beyond those specified in the previous version, and explicitly mandates the use of one of three ATC methodologies specified in MOD-028-1, -029-1 and -030-1. Additionally, it mandates the sharing of data for use in the ATC calculation, a process that has been voluntary in the past.

**Proposed reliability standards considers costs to implement for smaller entities but not at a consequence of less than excellence in operating system reliability**

The proposed reliability standard will apply equally to all applicable entities in a consistent manner. While the standard likely will result in some entities being required to modify their current ATC processes and computer systems to ensure compliance, the standard does not impose requirements that are completely new or unfamiliar to the industry. By standardizing the ATC calculation and mandating the exchange of data to

support that calculation, the accuracy of the ATC calculation will be increased, resulting in enhanced reliability and wide-area awareness.

**Proposed reliability standard is designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

NERC has developed MOD-001-1 reliability standard to apply to all of North America. It does not favor any one approach, but provides three options for each applicable entity to calculate ATC and AFC as previously endorsed by FERC in paragraphs 208 and 210 of Order No. 890.

**Proposed reliability standard causes no undue negative effect on competition or restriction of the grid**

The proposed reliability standard, MOD-001-1, has no undue negative effect on competition. It also does not unreasonably restrict available transmission capability on the bulk power system beyond any restriction necessary for reliability and does not limit use of the bulk power system in an unduly preferential manner. It does not create an undue advantage for one competitor over another. In fact, the increased rigor and transparency introduced in the development of ATC and AFC calculations serve to mitigate the potential for undue advantages of one competitor over another. The focus of the proposed reliability standard is to address only the reliability aspects of ATC and AFC and not to address the commercial aspects of available transmission system capability, except to the extent that commercial system availability closes matches actual remaining system capability. The associated NAESB business practice standards are intended to focus on the competitive aspects of these processes. Through implementation of these standards the grid may indirectly be restricted, but NAESB business practices

and FERC Orders related to this standard ensure that limitation is applied in a manner that ensures open access and promotes competition.

**The implementation time for the proposed reliability standards is reasonable.**

The implementation plan for this standard requires compliance the first day of the first calendar quarter no sooner than one calendar year after approval of this standard and its related three methodology standards (MOD-028-1, MOD-029-1 and MOD-030-2) by all appropriate regulatory authorities where approval is required or is otherwise effective in those jurisdictions where approval is not explicitly required. Although some entities are believed to be already implementing the requirements in the standard, many may not be, especially with regard to the data change requirements listed in Requirement R9. Accordingly, there exists the potential for software changes, associated testing, and possible tariff filings to be able to comply with the proposed standard. Therefore, a minimum of one year from regulatory approval should be allowed for entities to comply. Because the three methodology standards require information that is compulsory under MOD-001-1, Requirement R9, NERC believes that none of the methodology standards can be effectively implemented unless and until MOD-001-1 has been implemented and is mandatory and enforceable.

**The reliability standard development process was open and fair**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which was incorporated into the Rules of Procedure as Appendix 3A. 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. 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 for submission to the applicable governmental authority.

The proposed reliability standards set out in **Exhibit A** have been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and were approved by the NERC Board of Trustees on August 26, 2008 for filing with the applicable governmental authority. NERC has utilized its standard development process in good faith and in a manner that is open and fair.

#### **Proposed reliability standard balances with other vital public interests**

NERC does not believe there are competing public interests with respect to the request for approval of this proposed standard except for those noted that foster a consistent and fair approach to identifying AFC and ATC that will then allow appropriate subscription of transmission without prejudice to one or more parties.

#### **Proposed reliability standard considers any other relevant factors**

NERC is not proposing any additional factors for consideration to support adoption of the proposed standard.

## **2. MOD-008-1 – Transmission Reliability Margin Calculation Methodology**

### **a. Basis and Purpose of MOD-008-1**

The purpose of MOD-008-1 is to promote the consistent and reliable calculation, verification, preservation, and use of TRM to support analysis and system operations.

TRM is capacity set aside to mitigate risks to operations, such as deviations in dispatch, load forecast, outages, and similar such conditions. It is distinctly different from CBM, which is capacity set aside to allow for the import of reserves upon the occurrence of a capacity deficiency. The standard only applies to TSPs that have elected to keep a TRM.

The proposed MOD-008-1 standard consists of five requirements, summarized as follows:

R1. A TOP must keep a TRM Implementation Document (TRMID) that explains how specific risks such as aggregate Load forecast uncertainty; load distribution uncertainty; forecast uncertainty in Transmission system topology (including, but not limited to, forced or unplanned outages and maintenance outages); allowances for parallel path (loop flow) impacts; allowances for simultaneous path interactions; variations in generation dispatch (including, but not limited to, forced or unplanned outages, maintenance outages and location of future generation); short-term System Operator response (Operating Reserve actions); reserve sharing requirements; and inertial response and frequency bias) are accounted for in the TRM, how TRM is allocated, and how TRM is determined for various time frames.

R2. A TOP can only account for the above risks in TRM, and cannot incorporate risks that are addressed in CBM. Reserve sharing can be included in TRM.

R3. A TOP that has elected to maintain TRM must make the TRMID and associated information available to the following reliability entities if requested: TSP, Reliability Coordinator, Planning Coordinator, Transmission Planner, and TOP.

R4. A TOP that has elected to maintain TRM must determine the TRM value per the methods described in the TRMID at least once every thirteen months.

R5. A TOP that has elected to maintain TRM must provide that TRM to its TSPs and Transmission Planners no more than seven days after it has been determined.

The implementation plan for this standard requires compliance on the first day of the first quarter no sooner than one calendar year after approval of this standard by appropriate regulatory authorities where approval is required or is otherwise effective in

those jurisdictions where approval is not explicitly required. Unlike the other four proposed standards included in this filing, MOD-008-1 replaces the existing NERC reliability standard MOD-008-0. As such, it does not require coordinated implementation, as entities may rely on the previous version of the standard if any delay in implementing this standard occurs.

**b. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**Proposed reliability standard is designed to achieve a specified reliability goal**

Proposed reliability standard MOD-008-1 is designed to ensure that TOPs review the various risks to the operations of the system they operate and, as needed, calculate, verify, preserve, and use a TRM to support analysis and operation of that system. In the past, such risk analysis has largely been unstated. MOD-008-1 specifically requires that, if such risks are to be analyzed and accounted for, they must be so done within the guidelines specified in the standard.

**Proposed reliability standard contains a technically sound method to achieve the goal**

NERC specifies in MOD-008-1 critical areas of analysis, including those that FERC identified in Order No. 890, Paragraph 273,<sup>8</sup> and requires that if an entity has TRM, it must account for it as described in the standard. It requires that the TRM

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<sup>8</sup> Order No. 890 at P 273 (“The Commission also adopts the NOPR proposal to establish standards specifying the appropriate uses of TRM to guide NERC and NAESB in the drafting process. Transmission providers may set aside TRM for (1) load forecast and load distribution error, (2) variations in facility loadings, (3) uncertainty in transmission system topology, (4) loop flow impact, (5) variations in generation dispatch, (6) automatic sharing of reserves, and (7) other uncertainties as identified through the NERC reliability standards development process.”).

methodology be documented, and address only those critical areas of analysis. It prohibits the double counting of margins for the same purpose in both CBM and TRM, and mandates reestablishment of TRM at least every thirteen months. It increases reliability by making the TRM process more open and consistent, as well as helps FERC achieve many of the primary objectives of Order No. 890 regarding transparency and consistency in ATC calculations.

**Proposed reliability standard is applicable to users, owners, and operators of the bulk power system, and not others**

The proposed reliability standard is applicable only to users, owners and operators of the bulk power system, and not others. All requirements in the reliability standard apply to TOPs. The proposed reliability standard does not impose requirements on any entities other than TOPs as detailed above.

**Proposed reliability standard is clear and unambiguous as to what is required and who is required to comply**

As discussed above, MOD-008-1 applies to TOPs only. Each requirement in the proposed standard explicitly identifies entities that have an obligation to comply with the requirement. Each applicable entity is clearly identified and the expected action is expressly stated as outlined in the earlier discussion on the basis and purpose of MOD-008-1. Additionally, there is a specific measure and VSL for each requirement, and the entities responsible for compliance with the standard are clearly identified. The proposed reliability standard requirements are clear and unambiguous as to what is expected from applicable entities.

**Proposed reliability standard and associated compliance elements include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

**Violation Risk Factor Assignments**

The balloted reliability standard included a VRF for each main requirement in the reliability standard. For all the requirements in the balloted MOD-008-1 reliability standard, the applicable VRFs were “Lower.” In developing the VRF assignments, there were opposing viewpoints with respect to the appropriate assignments. One view offered that TRM and its associated methodologies do not directly affect the electrical state of the system or the ability to monitor or control it as would be required under the “Medium” VRF assignment. An incorrect TRM calculation may lead to oversubscribing or undersubscribing the system. Undersubscribing, while affecting the potential for commercial activity, actually benefits reliability. Oversubscribing the system as a result of an optimistic ATC value, while somewhat beneficial to commercial activity, may lead to a reliability concern that if realized can be managed by operator’s adherence to its limits, to the extent that it has options to implement some measure of transmission loading relief to reduce flows due to transactions. To become a reliability issue requires an optimistic ATC value, coupled with the sale of the ATC, and an operator not mindful to the limits, the last of which is governed by other TOP and IRO standards. On this argument, a determination of VRF at “Medium” due to the “direct” impact is questionable.

On this basis, the standard drafting team evaluated the scope of the remaining work to meet FERC’s deadline and focused its attention to the technical issues, adjusting the VRFs to “Lower” based on the industry comments and the arguments presented

above. However, NERC's Board of Trustees believes that a more thorough review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. NERC's Board of Trustees has asked NERC staff to review these VRFs through an open stakeholder process to ensure that they are consistent with the intent of the VRF definitions and prior FERC decisions on VRFs that have previously been rendered. Accordingly, NERC is not filing the associated VRFs with these standards at this time. NERC will submit VRFs for these proposed standards in a future filing.

### **Violation Severity Level Assignment**

The proposed standard includes VSLs that are specific to the individual Requirements. The ranges of penalties for violations are based on the applicable VRF and VSLs and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines, Appendix 4B in NERC's Rules of Procedure.

R1. This requirement has multiple VSLs based on the completeness of the TRM ID and whether the TRMID is up to date. VSLs range from "Lower" to "Severe."

R2. This requirement is treated as a pass/fail requirement. If an entity did not use the correct elements of risk in their determination of TRM, a "Severe" violation has occurred.

R3. This requirement has multiple VSLs based on the how late provision of the TRMID was to a requesting entity. VSLs range from "Lower" to "Severe."

R4. This requirement has multiple VSLs based on the number of TRM values that were incorrect or incomplete, as well as how recently TRM was determined. VSLs range from "Lower" to "Severe."

R5. This requirement has multiple VSLs based on whether or not the TRM values were provided in a timely fashion, and whether or not they were communicated correctly. VSLs range from "Lower" to "Severe."

**Proposed reliability standards identifies clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

Each Requirement in MOD-008-1 is supported by a measure that clearly identifies what is required and how the requirement will be enforced. These five measures will ensure the Requirements are clearly administered for enforcement in a consistent manner and without prejudice to any party. These five measures are included in Section C of the proposed reliability standard.

**Proposed reliability standard achieves a reliability goal effectively and efficiently - but does not necessarily have to reflect “best practices” without regard to implementation cost**

Proposed MOD-008-1 helps the industry achieve the stated reliability goal effectively and efficiently. While NERC believes that some entities will be required to change their current approach to comply with the standard as in many cases, the TRM development and methodology is undocumented, NERC does not believe that the implementation costs will be unduly burdensome and will support the stated goal of Order No. 890 with respect to transparency in the ATC calculation.

**Proposed reliability standards is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect bulk power system reliability**

This proposed reliability standard does not reflect a “lowest common denominator” approach. This standard represents a significant improvement to the previous version of the standard, and increases reliability by explicitly assigning responsibility for TRM to the TOP, mandating recalculation frequencies, and being more

explicit with regard to what can be considered within TRM and what cannot. NERC recognizes additional technical analyses may be required to add more specific and standardized approaches to calculating TRM and requests guidance in this regard.

**Proposed reliability standard considers costs to implement for smaller entities but not at a consequence of less than excellence in operating system reliability**

The proposed MOD-008-1 reliability standard will apply equally to all applicable entities in a consistent manner. While the standard likely will result in some entities being required to modify their approach to develop and document TRM, the standard does not impose requirements that are completely new or unfamiliar to the industry.

**Proposed reliability standard is designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

NERC has developed MOD-008-1 reliability standard to apply throughout North America. It does not specify any one approach, but provides key requirements and items that must be contained in any TRM methodology.

**Proposed reliability standards causes no undue negative effect on competition or restriction of the grid**

The proposed reliability standard has no undue negative effect on competition. It also does not unreasonably restrict available transmission capability on the bulk power system beyond any restriction necessary for reliability and does not limit use of the bulk power system in an unduly preferential manner. It does not create an undue advantage for one competitor over another. The focus of the proposed reliability standard is to address only the reliability aspects of TRM and not to address its commercial impacts. The associated NAESB business practice standards are intended to focus on the

competitive aspects of these processes. Through implementation of these standards the grid may be restricted, but NAESB business practices and FERC Orders related to this standard ensure that limitation is done in a manner that ensures open access and promotes competition.

**The implementation time for the proposed reliability standards is reasonable.**

The implementation plan for MOD-008-1 requires compliance on the first day of the calendar quarter no sooner than one calendar year after approval of this standard by appropriate regulatory authorities where approval is required or is otherwise effective in those jurisdictions where approval is not explicitly required. Although many entities already use TRM, compliance with the standard may require software changes, regression testing, and possible tariff changes. To accommodate these needs, NERC believes a one-year implementation period is appropriate.

**The reliability standard development process was open and fair**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which was incorporated into the Rules of Procedure as Appendix 3A. 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. 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 for submission to the applicable governmental authority.

The proposed reliability standards set out in **Exhibit A** have been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and was approved by the NERC Board of Trustees on August 26, 2008 for filing with the applicable governmental authority. NERC has utilized its standard development process in good faith and in a manner that is open and fair.

**Proposed reliability standard balances with other vital public interests**

NERC does not believe there are competing public interests with respect to the request for approval of this proposed standard with the exception of ensuring transparency in ATC and AFC calculations to provide opportunity for all participants to engage in commercial transmission activities on an equal basis.

**Proposed reliability standard considers any other relevant factors**

NERC is not proposing any additional factors for consideration to support adoption of the proposed standard.

**3. MOD-028-1 – Area Interchange Methodology**

**a. Basis and Purpose of MOD-028-1**

The purpose of MOD-028-1 is to increase consistency and reliability in the development and documentation of transfer capability calculations for short-term use performed by entities using the Area Interchange Methodology. The standard only applies to TOPs and TSPs that have elected to implement this particular methodology as part of their compliance with MOD-001-1 R1.

The proposed MOD-028-1 standard consists of eleven requirements, summarized as follows:

R1. A TSP implementing this methodology must include the following information in their ATCID in addition to that already required in MOD-001-1 Requirement R3: information describing how the selected methodology has been implemented, in such detail that, given the same information used by the TOP, the results of the TTC calculations can be validated; a description of the manner in which the TOP will account for Interchange Schedules in the calculation of TTC; any contractual obligations for allocation of TTC, a description of the manner in which Contingencies are identified for use in the TTC process, and information on how sources and sinks for transmission service are accounted for in ATC calculations.

R2. A TOP must calculate TTC using a model that meets the scope specified in the requirement and includes rating information specified by Generator Owners and Transmission Owners whose equipment is represented in the model.

R3. A TOP must include the following information in its determination of TTC for the on-peak and off-peak intra-day and next day time periods, as well as days two through 31 and for months two through 13: expected generation and transmission outages, additions, and retirements; load forecasts; and unit commitment and dispatch order.

R4. A TOP must determine TTC while modeling contingencies and reservations consistently, and respect any contractual allocations of TTC.

R5. A TOP must determine TTC on a periodic basis (as specified in the requirement) or upon certain operating conditions significantly affecting Bulk Electric System topology.

R6. A TOP must establish TTCs using the detailed process listed in the requirement.

R7. A TOP must provide a TSP with the appropriate TTC values within certain time frames (as specified in the requirement).

R8. A TSP must calculate Firm ETC using the specified formula and detailed specification of the variables.

R9. A TSP must calculate Non-firm ETC using the specified formula and detailed specification of the variables.

R10. A TSP must calculate firm ATC using the specified formula and detailed specification of the variables.

R11. A TSP must calculate non-firm ATC using the specified formula and detailed specification of the variables.

The implementation plan for this proposed standard is to require compliance the first day of the first calendar quarter no sooner than one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-029-1 and MOD-030-2) by all appropriate regulatory authorities. Since this proposed standard requires information that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-029-1 and MOD-030-2) are in place, none of these methodology standards can be effectively implemented unless and until all four have been implemented and are mandatory and enforceable.

**b. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**Proposed reliability standard is designed to achieve a specified reliability goal**

Proposed reliability standard MOD-028-1 is one of a suite of Reliability Standards (MOD-001-1, MOD-028-1, MOD-029-1 and MOD-030-2) that are designed to work together to ensure that TSPs and TOPs “maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors.” Historically, differences in implementations of ATC methodologies and a lack of coordination between TSPs has resulted in cases where systems have been oversold, resulting in potential or actual SOL and IROL violations. This standard works to ensure that the occurrence of such scenarios is minimized by specifying the parameters

of the Area Interchange Methodology such that ATC values closely match actual remaining system capability.

**Proposed reliability standard contains a technically sound method to achieve the goal**

As FERC notes in Order No. 890, “If all of the ATC components and certain data inputs and assumptions are consistent, the three ATC calculation methodologies being finalized by NERC through the reliability standards development process will produce predictable and sufficiently accurate, consistent, equivalent and replicable results.”<sup>9</sup> By definition, accurate results will lead to a more accurate understanding of available transmission system capability and future flows on the transmission system.

MOD-028-1 is a significant improvement over the existing ATC related requirements. While current MOD-001-0 is essentially a “fill-in-the-blank” standard, MOD-028-1 specifies in detail how TTC is to be determined – from modeling requirements, to the simulation of dispatch to determine native load impacts, to the treatment of reservations and to the incorporation of neighbor’s data. It specifies how Existing Transmission Commitments and ATC are to be determined in detail. It clearly describes the treatment of CBM and TRM in the ATC equations. In so doing, it reduces the potential for seams discrepancies and improves the wide-area understanding of the bulk power system on a forward-looking basis. By promoting consistency, standardization, and transparency, it directly supports and improves the reliability of the bulk power system and helps achieve FERC’s objectives in Order No. 890.

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<sup>9</sup> Order No. 890 at P 210.

**Proposed reliability standard is applicable to users, owners, and operators of the bulk power system, and not others**

MOD-028-1 reliability standard is applicable only to users, owners and operators of the bulk power system, and not others. All requirements in the reliability standard apply to TOPs and TSPs. The proposed reliability standard does not impose requirements on any entities other than TOPs and TSPs as detailed above.

**Proposed reliability standard is clear and unambiguous as to what is required and who is required to comply**

As discussed in the basis and purpose section of this discussion, MOD-028-1 reliability standard applies to TOPs and TSPs. Each requirement in the standard explicitly identifies entities that have an obligation to comply with the requirement. Each applicable entity is clearly identified and the expected action is expressly stated as outlined in the earlier discussion on the basis and purpose of MOD-028-1. Additionally, there is a specific measure and violation severity level for each requirement, and the entities responsible for compliance with the standard are clearly identified. The proposed reliability standard requirements are clear and unambiguous as to what is expected from applicable entities.

**Proposed reliability standard and associated compliance elements must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

**Violation Risk Factor Assignments**

The balloted reliability standard includes a VRF for each main requirement in the reliability standard. For all the requirements in the balloted MOD-028-1 reliability standard, the applicable VRFs were “Lower.” In developing the VRF assignments, there

were opposing viewpoints with respect to the appropriate assignments. One view offered that ATC and its associated methodologies do not directly affect the electrical state of the system or the ability to monitor or control it as would be required under the “Medium” VRF assignment. An incorrect ATC calculation may lead to oversubscribing or undersubscribing the system. Undersubscribing, while affecting the potential for commercial activity, actually benefits reliability. Oversubscribing the system as a result of an optimistic ATC value, while somewhat beneficial to commercial activity, may lead to a reliability concern that if realized can be managed by operator’s adherence to its limits, to the extent that it has options to implement some measure of transmission loading relief to reduce flows due to transactions. To become a reliability issue requires an optimistic ATC value, coupled with the sale of the available transmission capability, and an operator not mindful to the limits, the last of which is governed by other TOP and IRO standards. On this argument, a determination of VRF at “Medium” due to the “direct” impact is questionable.

On this basis, the standard drafting team evaluated the scope of the remaining work to meet the FERC deadline and focused its attention to the technical issues, adjusting the VRFs to “Lower” based on the industry comments and the arguments presented above. However, NERC’s Board of Trustees believes that a more thorough review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. NERC’s Board of Trustees has asked NERC staff to review these VRFs through an open stakeholder process to ensure that they are consistent with the intent of the VRF definitions and prior FERC decisions on VRFs that have previously been rendered. Accordingly, NERC is not filing the

associated VRFs with these standards at this time. NERC will submit VRFs for these proposed standards in a future filing.

### **Violation Severity Level Assignment**

The proposed standard includes VSLs that are specific to the individual Requirements. The ranges of penalties for violations are based on the applicable VRF and VSLs and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines, Appendix 4B in NERC's Rules of Procedure.

R1. This requirement has multiple VSLs based on the completeness of the ATCID. VSLs range from "Lower" to "Severe."

R2. This requirement has multiple VSLs based on whether the model used to determine TTC meets the criteria specified in the requirement. VSLs range from "Lower" to "Severe."

R3. This requirement has multiple VSLs based on the incorporation of outages, Load forecast, and unit commitment within the TTC process. VSLs range from "Lower" to "Severe."

R4. This requirement has multiple VSLs based on treatment of reservations, contingencies, allocations, and estimations of Interchange within the TTC process. VSLs range from "Lower" to "Severe."

R5. This requirement has multiple VSLs based on the timeliness of the TTC calculation. VSLs range from "Lower" to "Severe."

R6. This requirement is treated as a pass/fail requirement. Not determining TTC using the process described results in a "Severe" violation.

R7. This requirement has multiple VSLs based on the timeliness of the provision of TTC values to the TSP. VSLs range from "Lower" to "Severe."

R8. This requirement has multiple VSLs based on whether the Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from "Lower" to "Severe."

R9. This requirement has multiple VSLs based on whether the Non-Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from “Lower” to “Severe.”

R10. This requirement has multiple VSLs based on the number of paths affected by a calculation of Firm ATC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

R11. This requirement has multiple VSLs based on the number of paths affected by a calculation of Non-Firm ATC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

**Proposed reliability standard identifies clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

Each Requirement in the proposed MOD-028-1 reliability standard is supported by a measure that clearly identifies what is required and how the requirement will be enforced. These thirteen measures will ensure the Requirements are clearly administered for enforcement in a consistent manner and without prejudice to any party. These thirteen measures are included in Section C of the proposed reliability standard.

**Proposed reliability standard achieves a reliability goal effectively and efficiently - but does not necessarily have to reflect “best practices” without regard to implementation cost**

The proposed reliability standard helps the industry achieve the stated reliability goal effectively and efficiently. Some entities will be required to change their current implementation approach to comply with the standard, NERC does not believe that the implementation costs will be unduly burdensome when considering the increase in consistency and transparency expected through the implementation of the Area Interchange Methodology as presented.

**Proposed reliability standard is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect bulk power system reliability**

MOD-028-1 reliability standard does not reflect a “lowest common denominator” approach. MOD-028-1 standardizes the determination of ATC significantly beyond the standards that have existed in the past, and eliminates the “fill-in-the-blank” nature of the original MOD-001-0. MOD-028-1 mandates modeling requirements, the simulation of dispatch to determine native load impacts, the treatment of reservations, and the inclusion of neighbor’s data in the ATC process. It specifies how Existing Transmission Commitments and ATC are to be determined in detail. It clearly describes the treatment of CBM and TRM in the ATC equations. MOD-028-1 sets the bar for ATC calculation at a significantly higher level than the current standards provide.

**Proposed reliability standard considers costs to implement for smaller entities but not at consequence of less than excellence in operating system reliability**

MOD-028-1 reliability standard will apply equally to all applicable entities in a consistent manner. While the proposed standard likely will result in some applicable entities being required to modify their systems to implement the methodology described within this standard, the standard does not impose requirements that are completely new or unfamiliar to the industry.

**Proposed reliability standard is designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

NERC has developed MOD-028-1 reliability standard to apply to all of North America. It does not favor any one approach, but provides details regarding one of the three options previously endorsed by FERC in paragraphs 208<sup>10</sup> and 210<sup>11</sup> of Order No. 890. NERC notes that the Area Interchange Methodology is generally employed by the non-Regional TOP areas of the Eastern Interconnection.

**Proposed reliability standards causes no undue negative effect on competition or restriction of the grid**

Proposed MOD-028-1 reliability standard has no undue negative effect on competition. It also does not unreasonably restrict available transmission capability on the bulk power system beyond any restriction necessary for reliability and does not limit use of the bulk power system in an unduly preferential manner. It does not create an undue advantage for one competitor over another. The focus of the proposed reliability standard is to address only the reliability aspects of ATC and not to address the commercial aspects of available transmission system capability with the exception of ensuring commercial transmission availability closely matches actual remaining transmission capability. The associated NAESB business practice standards are intended to focus on the competitive aspects of these processes. Through implementation of these standards, the grid may be restricted, but NAESB business practices and FERC Orders

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<sup>10</sup> Order No. 890 at P 208 (“We reject requests to establish a single methodology for calculating ATC...”).

<sup>11</sup> Order No. 890 at P 210 (“The Commission understands that NERC currently is developing standards for three ATC calculation methodologies (contract or rating path ATC, network ATC, and network AFC).[...] The Commission instead concludes that use of the ATC calculation methodologies included in reliability standards currently being developed by NERC is acceptable.”).

related to this standard ensure that limitation is done in a manner that ensures open access and promotes competition.

**The implementation time for the proposed reliability standards is reasonable.**

The implementation plan for this standard requires compliance the first day of the first quarter no sooner than one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-029-1 and MOD-030-2) by all appropriate regulatory authorities where approval is required or is otherwise effective in those jurisdictions where approval is not explicitly required. Although many entities are implementing a variation of the Area Interchange Methodology today, there exists potential for software changes, associated testing, and possible tariff filings, so that a minimum of one year from regulatory approval should be allowed for entities to comply.

Since proposed MOD-028-1 reliability standard requires information from neighboring reliability entities for use in the development of its ATC and AFC values that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-029-1 and MOD-030-2) are approved or are otherwise in effect concurrent to MOD-028-1, none of these methodology standards can be effectively implemented unless and until all four have been implemented by entities in each jurisdiction.

**The reliability standard development process was open and fair**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which was incorporated into the Rules of Procedure as

Appendix 3A. 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. 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 for submission to the applicable governmental authority.

The proposed reliability standards set out in **Exhibit A** have been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and was approved by the NERC Board of Trustees on August 26, 2008 for filing with the applicable governmental authority. NERC has utilized its standard development process in good faith and in a manner that is open and fair.

**Proposed reliability standard balances with other vital public interests**

NERC does not believe there are competing public interests with respect to the request for approval of this proposed standard.

**Proposed reliability standard considers any other relevant factors**

NERC is not proposing any additional factors for consideration to support adoption of the proposed standard.

**4. MOD-029-1 – Rated System Path Methodology**

**a. Basis and Purpose of MOD-029-1**

The purpose of MOD-029-1 is to increase consistency and reliability in the development and documentation of Transfer Capability calculations for short-term use

performed by entities using the Rated System Path Methodology. The standard only applies to TOPs and TSPs that have elected to implement this particular methodology as part of their compliance with MOD-001 R1.

The proposed MOD-029-1 standard consists of eight requirements, summarized as follows:

- R1. A TOP must calculate TTC using a model that meets the scope and criteria specified in the requirement.
- R2. A TOP must establish TTCs using the detailed process listed in the requirement.
- R3. A TOP must establish TTCs as the lesser of the SOL or the value determined in R2.
- R4. A TOP must provide a TSP with the appropriate TTC values and study report within certain seven days of finalization of the study report.
- R5. A TSP must calculate Firm ETC using the specified formula and detailed specification of the variables.
- R6. A TSP must calculate Non-firm ETC using the specified formula and detailed specification of the variables.
- R7. A TSP must calculate Firm ATC using the specified formula and detailed specification of the variables.
- R8. A TSP must calculate Non-firm ATC using the specified formula and detailed specification of the variables.

The implementation plan requires the standard to become mandatory and enforceable the first day of the first quarter no sooner than one calendar year after approval of this standard and its related standards (MOD-001-1, MOD-028-1 and MOD-030-2) by all appropriate regulatory authorities where explicit approval is required or otherwise implemented in jurisdictions where explicit approval is not required. Because this standard requires information from neighboring reliability entities for use in the

development of its ATC and AFC values that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-028-1 and MOD-030-2) are in effect, none of these methodology standards can be effectively implemented unless and until all four have been approved or otherwise implemented by entities in each jurisdiction.

**b. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**Proposed reliability standard is designed to achieve a specified reliability goal**

Proposed reliability standard MOD-029-1 is part of a suite of Reliability Standards (MOD-001-1, MOD-028-1, MOD-029-1 and MOD-030-2) that are designed to work together to ensure that TSPs and TOPs “maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors.” Historically, differences in implementations of ATC methodologies and a lack of coordination between TSPs have resulted in cases where systems have been oversold, resulting in potential or actual SOL and IROL violations. This standard works to ensure that the occurrence of such scenarios is reduced.

**Proposed reliability standard contains a technically sound method to achieve the goal**

As FERC notes in Order No. 890, “If all of the ATC components and certain data inputs and assumptions are consistent, the three ATC calculation methodologies being finalized by NERC through the reliability standards development process will produce predictable and sufficiently accurate, consistent, equivalent, and replicable results.”<sup>12</sup> By

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<sup>12</sup> Order No. 890 at P 210.

definition, accurate results will lead to a more accurate understanding of available transmission system capability and future flows on the transmission system.

MOD-029-1 is a significant improvement over the existing ATC related requirements in MOD-001-0. While current MOD-001-0 is essentially a “fill-in-the-blank” standard, MOD-029-1 specifies in detail how TTC is to be determined – from explicit modeling requirements, to the simulated stressing of the system model to identify system limits and to the development of nomograms. It specifies how ETC and ATC are to be determined in detail. It unambiguously describes the treatment of CBM and TRM in the ATC equations. In so doing, it reduces the potential for seams discrepancies and improves the wide-area understanding of the bulk power system on a forward-looking basis. By promoting consistency, standardization, and transparency, it directly supports and improves the reliability of the bulk power system and helps FERC achieve the objectives it sought in Order No. 890.

**Proposed reliability standard is applicable to users, owners, and operators of the bulk power system, and not others**

The proposed reliability standard is applicable only to users, owners and operators of the bulk power system, and not others. All requirements in the reliability standard apply to TOPs and TSPs. The proposed reliability standard does not impose requirements on any entities other than TOPs and TSPs as detailed above.

**Proposed reliability standards is clear and unambiguous as to what is required and who is required to comply**

As discussed above, the proposed reliability standard applies to TOPs and TSPs. Each requirement in the standard explicitly identifies entities that have an obligation to comply with the requirement. Each applicable entity is clearly identified and the expected action is expressly stated. Additionally, each measure of compliance and violation severity level identifies the entities responsible for compliance with the standard. The proposed reliability standard requirements are clear and unambiguous as to what is expected from applicable entities.

**Proposed reliability standard and associated compliance elements include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

**Violation Risk Factor Assignments**

The balloted reliability standard included a VRF for each main requirement in the reliability standard. For all the requirements in the balloted MOD-029-1 reliability standard, the applicable VRFs were “Lower.” In developing the VRF assignments, there were opposing viewpoints with respect to the appropriate assignments. One view offered that ATC and its associated methodologies do not directly affect the electrical state of the system or the ability to monitor or control it as would be required under the “Medium” VRF assignment. An incorrect ATC calculation may lead to oversubscribing or undersubscribing the system. Undersubscribing, while affecting the potential for commercial activity, actually benefits reliability. Oversubscribing the system as a result of an optimistic ATC value, while somewhat beneficial to commercial activity, may lead to a reliability concern that if realized can be managed by operator’s adherence to its

limits, to the extent that it has options to implement some measure of transmission loading relief to reduce flows due to transactions. To become a reliability issue requires an optimistic ATC value, coupled with the sale of the ATC, and an operator not mindful to the limits, the last of which is governed by other TOP and IRO standards. On this argument, a determination of VRF at “Medium” due to the “direct” impact is questionable.

On this basis, the standard drafting team evaluated the scope of the remaining work to meet the FERC deadline and focused its attention to the technical issues, adjusting the VRFs to “Lower” based on the industry comments and the arguments presented above. However, NERC’s Board of Trustees believes that a more thorough review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. NERC’s Board of Trustees has asked NERC staff to review these VRFs through an open stakeholder process to ensure that they are consistent with the intent of the VRF definitions and prior FERC decisions on VRFs that have previously been rendered. Accordingly, NERC is not filing the associated VRFs with these standards at this time. NERC will submit VRFs for these proposed standards in a future filing.

### **Violation Severity Level Assignment**

The proposed standard includes VSLs that are specific to the individual Requirements. The ranges of penalties for violations are based on the applicable VRF and VSLs and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines, Appendix 4B in NERC’s Rules of Procedure.

R1. This requirement has multiple VSLs based on the quality of the model used to determine TTC. VSLs range from “Lower” to “Severe.”

R2. This requirement has multiple VSLs based on the adherence to the process specified in the requirement. VSLs range from “Lower” to “Severe.”

R3. This requirement has multiple VSLs based on the number of paths for which the incorrect choice between SOL and TTC was made. VSLs range from “Lower” to “Severe.”

R4. This requirement has multiple VSLs based on the timeliness of the TTC and its associated study report. VSLs range from “Lower” to “Severe.”

R5. This requirement has multiple VSLs based on whether the Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from “Lower” to “Severe.”

R6. This requirement has multiple VSLs based on whether the Non-Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from “Lower” to “Severe.”

R7. This requirement has multiple VSLs based on the number of paths affected by a calculation of Firm ATC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

R8. This requirement has multiple VSLs based on the number of paths affected by a calculation of Non-Firm ATC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

**Proposed reliability standard identifies clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

Each Requirement in the proposed reliability standard is supported by a measure that clearly identifies what is required and how the requirement will be enforced. These ten measures will ensure the Requirements are clearly administered for enforcement in a consistent manner and without prejudice to any party. These ten measures are included in Section C of the proposed reliability standard.

**Proposed reliability standard achieves a reliability goal effectively and efficiently - but does not necessarily have to reflect “best practices” without regard to implementation cost**

The proposed reliability standard helps the industry achieve the stated reliability goal effectively and efficiently. While NERC believes that some entities will be required to change their current implementations to comply with the standard, NERC does not believe that the implementation costs will be unduly burdensome.

**Proposed reliability standard is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect bulk power system reliability**

This proposed reliability standard does not reflect a “lowest common denominator” approach. MOD-029-1 standardizes the determination of ATC significantly beyond the standards that have existed in the past, and eliminates the “fill-in-the-blank” nature of the original MOD-001-0. MOD-029-1 mandates explicit modeling requirements, stressing the system model to identify TTC, and the development of nomograms. It specifies how ETC and ATC are to be determined in detail. It clearly describes the treatment of CBM and TRM in the ATC equations. MOD-029-1 sets the bar for ATC calculation significantly higher than the current MOD-001-0 standards provides for.

**Proposed reliability standard considers costs to implement for smaller entities but not at a consequence of less than excellence in operating system reliability**

The proposed reliability standard will apply equally to all applicable entities in a consistent manner. While the standard likely will result in some entities being required to

modify their systems to ensure compliance, the standard does not impose requirements that are completely new or unfamiliar to the industry.

**Proposed reliability standard is designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

NERC has developed this standard to apply to all of North America. It does not favor any one approach, but provides details regarding one of the three options previously endorsed by FERC in paragraphs 208<sup>13</sup> and 210<sup>14</sup> of Order No. 890. NERC notes that this method is generally employed by the Western Interconnection.

**Proposed reliability standard causes no undue negative effect on competition or restriction of the grid**

Proposed MOD-029-1 reliability standard has no undue negative effect on competition. It also does not unreasonably restrict ATC on the bulk power system beyond any restriction necessary for reliability and does not limit use of the bulk power system in an unduly preferential manner. It does not create an undue advantage for one competitor over another. The focus of the proposed reliability standard is to address only the reliability aspects of ATC and not to address the commercial aspects of available transmission system capability except to ensure commercial transmission availability matches closely actual remaining transmission capability. The associated NAESB business practice standards are intended to focus on the competitive aspects of these processes. Through implementation of these standards the grid may indirectly be restricted, but NAESB business practices and FERC Orders related to this standard

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<sup>13</sup> Order No. 890 at P 208 (“We reject requests to establish a single methodology for calculating ATC...”).

<sup>14</sup> Order No. 890 at P 210 (“The Commission understands that NERC currently is developing standards for three ATC calculation methodologies (contract or rating path ATC, network ATC, and network AFC)[...] The Commission instead concludes that use of the ATC calculation methodologies included in reliability standards currently being developed by NERC is acceptable.”).

ensure that limitation is done in a manner that ensures open access and promotes competition.

**The implementation time for the proposed reliability standards is reasonable.**

NERC requests that this standard become effective one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-028-1 and MOD-030-2) by all appropriate regulatory authorities where explicit approval is required or they otherwise take effect in jurisdictions where explicit regulatory approval is not required. NERC believes that, although many entities are implementing a variation of this methodology today, there exists potential for software changes, associated testing, and possible tariff filings, so a minimum of one year should be allowed for entities to comply.

Because this standard requires information from neighboring reliability entities for use in the development of its ATC and AFC values that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-028-1 and MOD-030-2) are in effect, NERC believes that none of these methodology standards can be effectively implemented unless all four have been implemented by entities in each jurisdiction.

**The reliability standard development process was open and fair**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which was incorporated into the Rules of Procedure as Appendix 3A. 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.<sup>15</sup> 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 for submission to the applicable governmental authorities.

The proposed reliability standard set out in **Exhibit A** has been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and was approved by the NERC Board of Trustees on August 26, 2008 for filing with the applicable governmental authorities. NERC has utilized its standard development process in good faith and in a manner that is open and fair.

**Proposed reliability standard balances with other vital public interests**

NERC does not believe there are competing public interests with respect to the request for approval of this proposed standard.

**Proposed reliability standard considers any other relevant factors**

NERC is not proposing any additional factors for consideration to support adoption of the proposed standard.

**5. MOD-030-2 – Flowgate Methodology**

**a. Basis and Purpose of MOD-030-2**

The purpose of MOD-030-2 is to increase consistency and reliability in the development and documentation of Transfer Capability calculations for short-term use performed by entities using the Flowgate Methodology. The standard only applies to TOPs and TSPs that have elected to implement this particular methodology as part of their compliance with MOD-001 R1 Requirement R1.

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<sup>15</sup> Order No. 672 at PP 268, 270.

The proposed MOD-030-2 standard consists of eleven requirements, summarized as follows:

R1. A Transmission Service Provider implementing this methodology must include the following information in its Available Transfer Capability Implementation Document (“ATCID”) in addition to that already required in MOD-001-1 Requirement R3: the criteria used by the Transmission Operator to identify sets of Transmission Facilities as Flowgates that are to be considered in AFC calculations, and information on how source and sink for transmission service is accounted for in AFC calculations.

R2. A Transmission Operator must determine and manage the flowgates used in the methodology based on the criteria listed in the requirement, and provide Total Flowgate Capabilities (“TFC”) to the Transmission Service Provider within seven days of their determination.

R3. The Transmission Operator must provide the Transmission Service Provider with a Transmission model that meets the criteria specified in the requirement.

R4. The Transmission Service Provider must evaluate reservations consistently when determining AFCs.

R5. When determining AFCs, a Transmission Service Provider must utilize the models given to it as described in Requirement R3, include appropriate outages, and use the AFCs on external flowgates as provided by the Transmission Service Providers calculating AFCs for those flowgates.

R6. A Transmission Service Provider must calculate the impact of Firm ETC using the process specified in the requirement.

R7. A Transmission Service Provider must calculate the impact of Non-firm ETC using the process specified in the requirement.

R8. A Transmission Service Provider must calculate Firm AFC using the specified formula and detailed specification of the variables.

R9. A Transmission Service Provider must calculate Non-firm AFC using the specified formula and detailed specification of the variables.

R10. A Transmission Service Provider shall recalculate AFC at a certain specified periodicity (Hourly once per hour, Daily once per day,

Monthly once per week) unless the input values specified in the AFC calculation have not changed.

R11. A Transmission Service Provider that desires to convert AFC to ATC must use the specified formula and detailed specification of the variables.

Of these eleven requirements, all but Requirement R2 and R11 are identical to the original MOD-030-1 Version filed for FERC approval in August, 2008. Requirement R2 has been modified as follows:

- The drafting team modified Requirement R2 to clarify that, if any limiting element is kept within its limit for its associated worst Contingency by operating within the limits of another Flowgate, then no new Flowgate needs to be established for such limiting elements or Contingencies.
- Requirement R2 was also modified to state that the list of flowgates did not need to include any flowgates created to address temporary operating conditions.

The implementation plan for this standard requires compliance one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-028-1 and MOD-029-1) by all appropriate regulatory authorities where explicit approval is required or otherwise implemented where explicit regulatory approval is not required. Because this standard requires information from neighboring reliability entities for use in the development of its ATC and AFC values that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-028-1 and MOD-029-1) are in place, NERC believes that none of these methodology standards can be effectively implemented unless and until all four have been implemented by entities in each jurisdiction.

**b. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**Proposed reliability standard is designed to achieve a specified reliability goal**

Proposed reliability standard MOD-030-2 is part of a set of Reliability Standards (MOD-001-1, MOD-028-1, MOD-029-1 and MOD-030-2) that are designed to work together to support a common specified reliability goal. That goal is to ensure that TSPs and TOPs “maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors.” Historically, differences in implementations of ATC methodologies and a lack of coordination between TSPs has resulted in cases where systems have been oversold, resulting in potential or actual SOL and IROL violations. This standard works to ensure that the occurrence of such scenarios is reduced.

**Proposed reliability standard contains a technically sound method to achieve the goal**

As FERC notes in Order No. 890, “If all of the ATC components and certain data inputs and assumptions are consistent, the three ATC calculation methodologies being finalized by NERC through the reliability standards development process will produce predictable and sufficiently accurate, consistent, equivalent, and replicable results.”<sup>16</sup> By definition, accurate results will lead to a more accurate understanding of available transmission system capability and future flows on the transmission system.

MOD-030-2 is a significant improvement over the existing ATC related requirements in MOD-001-1. While MOD-001-0 is essentially a “fill-in-the-blank”

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<sup>16</sup> Order No. 890 at P 210.

standard, MOD-030-2 specifies in detail how AFC is to be determined – from identifying flowgates to specifying modeling requirements and to the manner in which reservations are treated. It specifies how ETC and AFC are to be determined in detail. It clearly describes the treatment of CBM and TRM in the AFC equations. In so doing, it reduces the potential for seams discrepancies and improves the wide-area understanding of the bulk power system on a forward-looking basis. By promoting consistency, standardization, and transparency, it directly supports and improves the reliability of the bulk power system and helps FERC achieve its objectives from Order No. 890.

**Proposed reliability standard is applicable to users, owners, and operators of the bulk power system, and not others**

The proposed reliability standard is applicable only to users, owners and operators of the bulk power system, and not others. All requirements in the reliability standard apply to TOPs and TSPs. The proposed reliability standard does not impose requirements on any entities other than TOPs and TSPs as detailed above.

**Proposed reliability standard is clear and unambiguous as to what is required and who is required to comply**

As discussed above, the proposed reliability standard applies to TOPs and TSPs. Each requirement in the standard explicitly identifies entities that have an obligation to comply with the requirement. Each applicable entity is clearly identified and the expected action is expressly stated. Additionally, each measure of compliance and VSL identifies the entities responsible for compliance with the standard. The proposed reliability standard requirements are clear and unambiguous as to what is expected from applicable entities.

**Proposed reliability standard and associated compliance elements include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

### **Violation Risk Factor Assignments**

The balloted reliability standard included a VRF for each main requirement in the reliability standard. For all the requirements in the balloted MOD-030-2 reliability standard, the applicable VRFs were “Lower.” In developing the VRF assignments, there were opposing viewpoints with respect to the appropriate assignments. One view offered that AFC and its associated methodologies do not directly affect the electrical state of the system or the ability to monitor or control it as would be required under the “Medium” VRF assignment. An incorrect AFC calculation may lead to oversubscribing or undersubscribing the system. Undersubscribing, while affecting the potential for commercial activity, actually benefits reliability. Oversubscribing the system as a result of an optimistic AFC value, while somewhat beneficial to commercial activity, may lead to a reliability concern that if realized can be managed by operator’s adherence to its limits, to the extent that it has options to implement some measure of transmission loading relief to reduce flows due to transactions. To become a reliability issue requires an optimistic AFC value, coupled with the sale of the ATC, and an operator not mindful to the limits, the last of which is governed by other TOP and IRO standards. On this argument, a determination of VRF at “Medium” due to the “direct” impact is questionable.

On this basis, the standard drafting team evaluated the scope of the remaining work to meet the FERC deadline and focused its attention to the technical issues, adjusting the VRF s to “Lower” based on the industry comments and the arguments

presented above. However, NERC's Board of Trustees believes that a more thorough review of the VRFs is warranted given recent FERC actions in general and the development history of these VRFs in particular. NERC's Board of Trustees has asked NERC staff to review these VRFs through an open stakeholder process to ensure that they are consistent with the intent of the VRF definitions and prior FERC decisions on VRFs that have previously been rendered. Accordingly, NERC is not filing the associated VRFs with these standards at this time. NERC will submit VRFs for these proposed standards in a future filing.

### **Violation Severity Level Assignment**

The proposed standard includes VSLs that are specific to the individual Requirements. The ranges of penalties for violations are based on the applicable VRF and VSLs and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines, Appendix 4B in NERC's Rules of Procedure.

**R1.** This requirement has multiple VSLs based on whether the ATCID includes all the required information. VSLs range from "Lower" to "Severe."

**R2.** This requirement has multiple VSLs based on the determination and management of the Flowgates used for analysis of the transmission system. VSLs range from "Lower" to "Severe."

**R3.** This requirement has multiple VSLs based on the quality of the model used to determine AFCs. VSLs range from "Lower" to "Severe."

**R4.** This requirement has multiple VSLs based on the number of reservations not considered using the criteria specified in the requirement. VSLs range from "Lower" to "Severe."

**R5.** This requirement has multiple VSLs based on the number of outages not considered, use of the model, and use of AFCs provided by third parties. VSLs range from "Lower" to "Severe."

**R6.** This requirement has multiple VSLs based on whether the Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from “Lower” to “Severe.”

**R7.** This requirement has multiple VSLs based on whether the Non-Firm ETC calculation was repeatable within a certain range of tolerance. VSLs range from “Lower” to “Severe.”

**R8.** This requirement has multiple VSLs based on the number of Flowgates affected by a calculation of Firm AFC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

**R9.** This requirement has multiple VSLs based on the number of Flowgates affected by a calculation of Non-Firm AFC that was different than that specified in the requirement. VSLs range from “Lower” to “Severe.”

**R10.** This requirement has multiple VSLs based on the timeliness of the AFC calculation. VSLs range from “Lower” to “Severe.”

**R11.** This requirement is treated as a pass/fail requirement. If an entity did not use the correct formula to convert AFCs to ATCs, a “Severe” violation has occurred.

**Proposed reliability standard identifies clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

Each Requirement in the proposed reliability standard is supported by a measure that clearly identifies what is required and how the requirement will be enforced. These eighteen measures will ensure the Requirements are clearly administered for enforcement in a consistent manner and without prejudice to any party. These eighteen measures are included in Section C of the proposed reliability standard.

**Proposed reliability standard achieves a reliability goal effectively and efficiently - but does not reflect “best practices” without regard to implementation cost**

The proposed reliability standard helps the industry achieve the stated reliability goal effectively and efficiently. While NERC believes that some entities will be required

to change their current implementations to comply with the standard, NERC does not believe that the implementation costs will be unduly burdensome.

**Proposed reliability standard is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect bulk power system reliability**

This proposed reliability standard does not reflect a “lowest common denominator” approach. MOD-030-2 standardizes the determination of ATC significantly beyond the standards that have existed in the past, and eliminates the “fill-in-the-blank” nature of the original MOD-001-0. MOD-030-2 mandates how flowgates are identified and their TFC established, the criteria for the models used to determine AFC, the treatment of reservations, and the inclusion of neighbor’s data in the ATC process. It specifies how Existing Transmission Commitments and ATC are to be determined in detail. It clearly describes the treatment of CBM and TRM in the ATC equations. MOD-030-2 sets the bar for AFC calculation at a level significantly higher than the current ATC standards provide.

**Proposed reliability standard considers costs to implement for smaller entities but not at consequence of less than excellence in operating system reliability**

MOD-030-2 will apply equally to all applicable entities in a consistent manner. While the standard likely will result in some entities being required to modify their systems to ensure compliance, the standard does not impose requirements that are completely new or unfamiliar to the industry.

**Proposed reliability standard is designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

NERC has developed this standard to apply to all of North America. It does not favor any one approach, but provides details regarding one of the three options previously endorsed by FERC in paragraphs 208<sup>17</sup> and 210<sup>18</sup> of Order No. 890. NERC notes that this method is generally employed by the Independent System Operators (ISOs) and Regional Transmission Organization (RTOs) of North America.

**Proposed reliability standards causes no undue negative effect on competition or restriction of the grid**

Proposed MOD-030-2 reliability standard has no undue negative effect on competition. It also does not unreasonably restrict available transmission capability on the bulk power system beyond any restriction necessary for reliability and does not limit use of the bulk power system in an unduly preferential manner. It does not create an undue advantage for one competitor over another. The focus of the proposed reliability standard is to address only the reliability aspects of AFC and not to address the commercial aspects of available transmission system capability except to the extent of ensuring commercial transmission availability matches closely with actual remaining transmission capability. The associated NAESB business practice standards are intended to focus on the competitive aspects of these processes. Through implementation of these standards the grid may indirectly be restricted, but NAESB business practices and FERC

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<sup>17</sup> Order No. 890 at P 208 (“We reject requests to establish a single methodology for calculating ATC...”).

<sup>18</sup> Order No. 890 at P 210 (“The Commission understands that NERC currently is developing standards for three ATC calculation methodologies (contract or rating path ATC, network ATC, and network AFC)[...] The Commission instead concludes that use of the ATC calculation methodologies included in reliability standards currently being developed by NERC is acceptable.”).

Orders related to this standard ensure that limitation is done in a manner that ensures open access and promotes competition.

**The implementation time for the proposed reliability standards is reasonable.**

The implementation plan for this standard requires compliance one calendar year after approval of this standard and its related three standards (MOD-001-1, MOD-028-1, and MOD-029-1) by all appropriate regulatory authorities where explicit approval is required or otherwise effective in jurisdictions where explicit regulatory approval is not required. NERC believes that although many entities are implementing a variation of this methodology today, there exists potential for software changes, associated testing, and possible tariff filings, so a minimum of one year should be allowed for entities to comply.

Since this standard requires information from neighboring reliability entities for use in the development of its ATC and AFC values that is compulsory under MOD-001-1 Requirement R9, and some of that information may not be available unless the other methodology standards (MOD-028-1 and MOD-029-1) are in place, NERC believes that none of these methodology standards can be effectively implemented unless and until all four have been implemented by entities in each jurisdiction.

**The reliability standard development process was open and fair**

NERC develops reliability standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which was incorporated into the Rules of Procedure as Appendix 3A. 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. 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 for submission to the applicable governmental authorities.

The proposed reliability standard set out in **Exhibit A** has been developed and approved by industry stakeholders using NERC's *Reliability Standards Development Procedure*, and was approved by the NERC Board of Trustees on August 26, 2008 for filing with the applicable governmental authorities. NERC has utilized its standard development process in good faith and in a manner that is open and fair.

**Proposed reliability standard balances with other vital public interests**

NERC does not believe there are competing public interests with respect to the request for approval of this proposed standard.

**Proposed reliability standard considers any other relevant factors**

NERC is not proposing any additional factors for consideration to support adoption of the proposed standard.

**V. SUMMARY OF THE RELIABILITY STANDARD DEVELOPMENT PROCEEDINGS FOR MOD-001-1, MOD-008-1, MOD-028-1 AND MOD-029-1**

**a. Development History**

*Initial SAR Development and Creation of the standard drafting team.* On June 16, 2005, the NERC Long Term ATC Task Force (LTATF) submitted two Standards Authorization Requests (SARs) to require more specificity with regard to the

determination of ATC, TRM and potentially CBM. On March 17, 2006, the Standards Committee authorized advancing the original SARs to standards development. The standard drafting team initially consisted of 15 members representing entities in the Eastern and Western Interconnections from the following segments: Transmission Owners; RTOs and ISOs; Load Serving Entities; Transmission Dependent Utilities; Electric Generators; and Electricity Brokers, Aggregators, and Marketers.

***The First Industry Comment Period.*** The standard drafting team at first believed it could include sufficient detail in a single MOD-001-1 reliability standard to accomplish the objectives identified in the SAR. NERC posted the initial draft of the proposed standard for a 30-day comment period from February 15, 2007 through March 16, 2007. NERC received 35 sets of comments from 91 people representing 52 companies from 8 of 10 industry segments. The numerous industry comments submitted in response to the posting, coupled with the newly-issued directives from Order No. 890, caused the standard drafting team to reconsider its singular approach and implement a modified approach with a suite of ATC standards. The team developed an “umbrella” standard, MOD-001-1, that contains the generic requirements for all three methods of calculating ATC, a separate standard for each of three methodologies (MOD-028-1 for Area Interchange, MOD-029-1 for Rated System Path, and MOD-030-1 for Flowgate) as permitted by Order No. 890, and separate standards for calculating the transmission reliability margin (MOD-008-1) and capacity benefit margin (MOD-004-1). The team posted its Consideration of Comments report<sup>19</sup> on May 25, 2007.

***Supplemental SAR Development and Expansion of the standard drafting team.*** On May 23, 2007, a supplemental SAR was developed to expand the scope of the project to

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<sup>19</sup> This is item # 13 in the Record of Development

better address Total Transfer Capability and to include the retirement of FAC-012-1 and FAC-013-1. The Standards Committee authorized expanding the scope of the standard drafting effort to include the supplemental SAR, and assigned five new members to the standard drafting team with experience to assist in the determination of TTC on July 12, 2007.

***The Second Industry Comment Period.*** NERC posted the second draft of MOD-001-1 and new drafts of MOD-004-1, MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 for a 30-day comment period from May 25, 2007 through June 24, 2007. NERC received numerous and extensive comments on each of the standards,

Comments on MOD-001-1 included 26 sets of comments from 107 people representing over 60 companies from all 10 segments. Comments on MOD-008-1 included 19 sets of comments from 95 people representing 45 companies from all 10 segments. Comments on MOD-028-1 included 17 sets of from more than 76 people representing 40 companies from all 10 segments. Comments on MOD-029-1 included 15 sets of comments from 72 people representing 40 companies from 8 of 10 industry segments. And 17 sets of comments were received for MOD-030-1 from 83 people representing 40 companies from all 10 segments. There were several key issues that the standard drafting team considered from these comments:

- Several entities expressed concerns regarding the applicable entities and their correlation to the responsibilities within the functional model. The standard drafting team reviewed the functional model in depth and made extensive changes to the standard to ensure the appropriate entities were assigned the correct tasks.

- The standard drafting team also developed a cleaner structure to “hand off” public posting requirements to NAESB.
- Several new definitions were added to the standards based on stakeholder requests.
- A requirement that ATC, AFC and TTC be determined using assumptions consistent with those used in operations and planning studies was incorporated based on the directives in Order No. 890 and 693.
- A requirement was added to account for counterflows, and significantly more detail was added to the ATC and ETC determinations in response to informal feedback from FERC staff.
- Many of the requirements regarding TRM were consolidated to simplify the standard, and the components of TRM from Order No. 890 were explicitly identified.
- Some of the criteria regarding selection of Flowgates was modified based on stakeholder comments.
- Finally, Measures and Compliance elements were added to the standards.

The team posted its Consideration of Comments reports<sup>20</sup> for these standards on October 25, 2007.

At this point in the standard development process, the team determined that, due to the extensive re-write and the need for stakeholders review and comment on the revised standards, the team could not meet the original December 10, 2007 deadline directed by FERC in Order No. 890. After reviewing the status of the project with FERC

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<sup>20</sup> These are item #s 25, 29, 33, 37 and 47 in the Record of Development

staff and explaining the technical challenges and complexities remaining with the ATC standards, NERC filed and received an approval from FERC for an extension to deliver the ATC-related standards until May 9, 2008.

***The Third Industry Comment Period.*** NERC posted the third draft of MOD-001-1 and the second drafts of MOD-004-1, MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 for a 45-day comment period from October 31, 2007 through December 14, 2007. NERC also provided implementation plans for stakeholder review for the first time. NERC solicited comments on all the standards simultaneously on a single comment form. NERC received 51 sets of comments from 181 people representing 95 companies from each of the 10 segments.

- The standard drafting team received numerous comments regarding the use of counterflows, offering concerns that the language was too prescriptive. The standard drafting team removed the explicit requirements and changed them to focus more on disclosure of counterflow practices, rather than on a specific counterflow methodology.
- The standard drafting team further refined the criteria surrounding the identification of flowgates based on stakeholder comments.
- Similar concerns were expressed relative to the size and scope of the transmission model to be used in the ATC/AFC process. More detail was added to explain the minimum limits of model size and equipment, and these criteria were made consistent across methodologies.

- Stakeholders expressed concern regarding the amount of time allowed for various activities to take place (such as notification of a change to the ATCID); the standard drafting team extended the majority of these times.
- Several entities expressed concern that the VRFs in the standard that were set to “Medium” were inappropriately high. The standard drafting team debated this at length, but ultimately decided at that point not to modify the VRFs.
- Some entities expressed concern that the MOD-030-1 standard seemed to require conversion of AFC to ATC without justification of any reliability need to do so. The standard drafting team modified the standard to be clear that such conversion was not required, but that if conversion was done voluntarily, it must utilize the formula specified.

The team thus modified the standards and posted its Consideration of Comments report<sup>21</sup> February 4, 2008. Although the team made substantive revisions to the suite of standards in response to the extensive comments received to this posting, and in recognition of the May 9, 2008 deadline for delivery, the standard drafting team requested, and the Standards Committee approved, moving the standards to the ballot stage and further authorized the team to make edits to any standard that did not pass the initial ballot, and then present again for ballot. Under NERC’s reliability standards development process, when standards are changed substantively as a result of industry comments, the standards are required to be posted for industry review and comment again. Additionally, when the standards are changed as a result of comments received during the initial ballot process,

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<sup>21</sup> This is item # 60 in the Record of Development

the standards are withdrawn from the ballot process and processed through the industry comment process before returning to the ballot phase.

***The First Ballot Attempt.*** The suite of ATC standards was posted for a 30-day pre-ballot window from February 1–March 3, 2008 with the initial ballot taking place from March 3–12, 2008. None of the six ATC standards presented for ballot achieved the required two-thirds weighted segment approval although each achieved the 75 percent quorum of ballot pool participants. The following presents the initial ballot results.

	Weighted Segment Approval Percentage	Quorum Percentage
MOD-001-1	59.63%	93.12%
MOD-008-1	63.90%	93.12%
MOD-028-1	63.05%	92.74%
MOD-029-1	57.56%	92.86%
MOD-030-1	44.19%	93.01%

The main issues identified in the comments associated with the failed standards ballot included:

- § NERC failed to adhere to its standards development process to meet the FERC deadline by not allowing another industry comment period following the substantive changes made to the standards from the previous comment period;
- § The MOD-030-1 standard requires the conversion of AFC to ATC which is a commercial issue without reliability benefit;
- § Commenters were confused with respect to how NAESB would be addressing transparency issues;

- § Commenters believed all the proposed standards should be developed by NAESB and not NERC;
- § VRFs should be set to “Lower” on the basis that incorrect ATC calculations do not “*directly* affect the electric state of the system or the capability of the bulk power system or the ability to effectively monitor and control the bulk power system” as is defined for a “Medium” VRF;
- § VSLs should be restructured to permit partial compliance;
- § The standards are too prescriptive and should allow more flexibility in utilizing alternate approaches;
- § The TOP should not be choosing the methodology to determine ATC or AFC or in setting TRM;
- § More consistency in the use of distribution factor thresholds in MOD-030-1;
- § Concern over the use of a 161 kV threshold to use equivalence models in a Reliability Coordinator area; and
- § Need for exemptions to certain requirements in the standards due to market design and jurisdictional status.

After considering these results and the comments associated with the ballot, the standard drafting team proposed that it could achieve the required consensus on MOD-001-1, MOD-008-1, MOD-028-1, MOD-029-1 and MOD-030-1 standards utilizing one additional comment period and in full accordance with the standard development procedure and submit these standards for filing with FERC by August 29, 2008. As a result, the standard drafting team requested, and the Standards Committee accepted, the recommendation to withdraw the standards from the ballot process and return them for

industry comment. NERC staff and key members of the ATC drafting team met with FERC staff and discussed the results of the failed ballot and proposed an action plan as described above to deliver the ATC standards in accordance to the standard drafting team proposal. NERC filed and received an approval for an additional extension to deliver these five ATC standards by August 29, 2008.

In response to the comments on the failed standards, the team eliminated the references from AFC to ATC conversion, posted the standards with references to NAESB's ongoing work, made distribution factor thresholds consistent, reduced VRFs to "Lower," and modified the VSLs. The team respectfully disagreed that the standards completely belong to NAESB, that the standards are too prescriptive, that the 161 kV threshold is inappropriate, and that someone other than the TOP should choose the ATC or AFC methodology or set TRM. In its response, the standard drafting team focused its attention on the challenges to the technical merits of the requirements, recognizing that it would not have sufficient time to address all the issues in the timeframe remaining, particularly as it concerns related to compliance elements.

The team modified the standards as described and posted its Consideration of Ballot Comments reports<sup>22</sup> April 15, 2008.

***The Fourth Industry Comment Period.*** NERC posted the fourth draft of MOD-001-1 and the third drafts of MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 for a 30-day comment period from April 16, 2008 through May 15, 2008.

NERC received 37 sets of comments on MOD-001-1 from 74 people representing 50 companies from 8 of 10 industry segments. NERC received 33 sets of comments on MOD-008-1 from 103 people representing 60 companies from 8 of 10 segments. NERC

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<sup>22</sup> This is item # 103 in the Record of Development

received 24 sets of comments on MOD-028-1 from 75 people representing 50 companies from 8 of 10 segments. NERC received 23 sets of comments on MOD-029-1 from 51 people representing 30 companies from 8 of 10 segments. And lastly, NERC received 28 sets of comments on MOD-030-1 from 93 people representing 55 companies from 8 of 10 segments. The comments included:

- Several commenters asked for clarifications of language they felt was unclear. The standard drafting team drafted new language to clarify the requirements.
- Many commenters continued to express concern regarding the applicability of the TOP versus the TSP. Numerous entities stated that in their area or footprint, the actual entity that performed many of the assigned TOP tasks identified in the proposed standards was the TSP, and not the TOP as proposed. These situations were identified in areas where regional tariffs were in place, associated with ISOs and RTOs. The standard drafting team responded that it referenced the NERC Functional Model to guide the standard drafting team's approach, and since no commenter provided significant justification to modify the standard, the team did not make any changes to the standards. Rather, the standard drafting team suggested that the use of delegation or Joint Registration Organizations seemed to be the best approach for addressing the commenters' concerns. In the case of areas where ISOs and RTOs exist, the standard drafting team felt that membership agreements with the ISO or RTO largely addressed the delegation agreement that a Joint Registration Organization would require.

- Some commenters suggested that the MOD-008-1 standard pertaining to TRM should be more prescriptive. The standard drafting team responded that it could not add specificity without significantly more research on the topic.
- During previous rounds of development, the standard drafting team added a detailed measure of the ETC equation in order to allow for a more “graded” approach to VSL development. Several commenters expressed concern that the three methodology standards now were intending to measure the quality of the ETC calculation. The standard drafting team explained that the measures associated with the ETC requirements are not intended to measure the quality of the ETC calculation, but whether or not the calculation matched the provider’s documented process.
- Some commenters expressed concern that the criteria for identifying and including for analysis flowgates that have experienced congestion management were too broad, and its application would result in many flowgates being created. The standard drafting team modified the requirement to clarify that to qualify for inclusion, the equipment comprising such a flowgate must also fall within the minimum limits established for the equipment to be included within the model as defined within the standard.

Some further changes were made to MOD-030-1 to ensure consistency with the other methodology standards. The team posted its Consideration of Comments reports<sup>23</sup> on June 18, 2008.

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<sup>23</sup> These are item #s 114, 121, 128, 135 and 142 in the Record of Development

In total, the standard drafting team considered the modifications to the standards as clarifying the intent of the requirements and not changes that were substantive. As such, the standard drafting team requested that the Standards Committee approve the five ATC-related standards for the ballot phase of the development process.

*The Second Initial Ballot Attempt.* After the standard drafting team considered and responded to the comments received during the fourth public comment period, NERC posted the final draft of the proposed standard for a 30-day pre-ballot review period from June 20, 2008 through July 21, 2008, followed by a second initial ballot from July 21, 2008 through July 30, 2008. The second initial ballot results were as follows:

	Weighted Segment Approval Percentage	Quorum Percentage
MOD-001-1	75.97%	94.02%
MOD-008-1	80.44%	94.27%
MOD-028-1	79.47%	94.64%
MOD-029-1	92.62%	94.67%
MOD-030-1	56.56%	94.37%

Each proposed standard, with the exception of MOD-030-1, achieved the required two-thirds weighted segment vote with in excess of 75 percent of the ballot pool participating in the ballot. Because each ballot included negative votes with associated comments, the standards required a recirculation ballot. The key issues identified in the ballot comments to the initial ballot included:

- § Whether the responsibility for selecting the ATC/AFC methodology lies with the TOP or the TSP continued to be a concern, especially in its application within the

MISO footprint. The standard drafting team responded that MISO could use a joint agreement with its members to address the issue of who is responsible for selecting and implementing the ATC methodology.

§ ERCOT reiterated previous concerns that the methods outlined in the standard are not currently utilized in ERCOT, and that ERCOT should be exempt from the standards. The standard drafting team further suggested that ERCOT could seek a variance to the requirements if it utilized a different approach to achieve the same reliability objectives of the ATC standards.

§ A small number of entities suggested that greater standardization is needed on the topic of counterflows. The standard drafting team responded that counterflow approaches vary largely due to regional operating conditions and concerns, and risk tolerance, and to develop additional standardization in counterflows would require extensive technical work beyond the timeframe permitted in this development.

§ Concern over the use of TRM in the operational planning timeframe;

§ Some entities expressed concern over whether TRM is a reliability parameter.

The standard drafting team responded that since TRM was a margin to account for uncertainty which, if calculated incorrectly, could require operator action to address a reliability concern, the team believed that the parameter was a reliability related value.

§ A small number of entities suggested there should be greater standardization in the determination of TRM. The standard drafting team responded that additional

standardization in TRM would require extensive technical work beyond the timeframe permitted in this development.

In addition to these general comments, the standard drafting team received specific comments with respect to MOD-030-1 from entities within WECC that the standard, as proposed, reflects practices undertaken in the Eastern Interconnection that, if implemented, would require extensive additional analyses without reliability benefit. Specifically and for example, Bonneville Power Administration's implementation of the Flowgate methodology utilizes an approach that significantly reduces the amount of calculations that must be undertaken when performing AFC analysis. Rather than analyzing scores of flowgates individually, BPA analyzes several key flowgates that, if the limits are honored, will ensure that all limits from other flowgates are honored. While this meets the reliability intent of the MOD-030-1 methodology, it was not consistent with the language in the standard.

Also, entities in the Midwest were concerned that flowgates would need to be established and continually analyzed, even if caused by a temporary condition such as a forced outage. It is commonplace in the flowgate methodology to create "temporary flowgates" to address conditions that occur during abnormal combinations of outages. As written, the MOD-030-1 standard requires such flowgates to be maintained and analyzed for twelve months, effectively eliminating the temporary nature of these flowgates.

The standard drafting team understood these concerns and, working closely with these commenters, developed a two-phase approach that likely would permit the approval and submission of a set of approved ATC standards by the August 29, 2008 deadline.

The team, with approval of the Standards Committee, agreed to present a second version of MOD-030 for industry consideration as a separate but concurrent activity to the initiation of the recirculation ballot for MOD-030-1. The proposed MOD-030-2 standard contains the modifications to MOD-030-1 to explicitly address the concerns of entities in the Midwest and in WECC described above, as well as clarify language in some cases as requested by those same entities. The standards development process for MOD-030-2 is discussed in the next section of this filing.

The team posted its Consideration of Comments reports<sup>24</sup> to the second initial ballot comments on August 6, 2008.

The recirculation ballot for the five ATC standards commenced on August 12, 2008 and concluded August 21, 2008 with the following results:

	Weighted Segment Approval Percentage	Quorum Percentage
MOD-001-1	76.83%	94.87%
MOD-008-1	81.49%	95.15%
MOD-028-1	79.34%	95.54%
MOD-029-1	92.24%	95.56%
MOD-030-1	74.26%	95.24%

Each proposed standard achieved the required two-thirds weighted segment vote and at least a 75 percent quorum of the ballot pool. The NERC Board of Trustees approved these five ATC standards and 20 associated definitions during an August 26, 2008 conference call.

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<sup>24</sup> These are item #s 159, 167, 175, 183 and 191 in the Record of Development

VI. **SUMMARY OF THE RELIABILITY STANDARD DEVELOPMENT PROCEEDINGS FOR MOD-030-2**

**a. Development History**

*Initial SAR Development and Creation of the Standards Drafting Team.*

During the development of MOD-030-1 Reliability Standard, several industry stakeholders expressed concern over the overly-restrictive nature of certain requirements being proposed and suggested modifications that would permit more flexibility while meeting the intent of the FERC directives in Order No. 890. At that time, NERC was obligated to file the suite of ATC standards by August 29, 2008. Had the drafting team chosen to take up this issue then, NERC risked not meeting the FERC established delivery timeframe. Accordingly, the standard drafting team negotiated an agreement with those entities expressing concern that it would immediately undertake Version 2 of MOD-030 to address those concerns while pressing forward with Version 1. Accordingly, on August 8, 2008, NERC received, and the Standards Committee accepted, a standards authorization request (“SAR”) and a proposed MOD-030-2 to update Version 1 of MOD-030 as discussed above.

NERC posted the proposed Reliability Standard and SAR for a 45-day comment period from August 12, 2008 through September 24, 2008. There were 19 sets of comments offered from 40 companies representing 8 of 10 industry segments. Most commenters agreed with the SAR scope, purpose and applicability. Some commenters suggested expanding the scope of the SAR to address certain items that the drafting team believed was sufficiently captured in the proposed Reliability Standard. With regard to the proposed Reliability Standard itself, commenters offered clarifying language and

format changes that the drafting team accepted. Other comments for changes that were beyond the scope of the SAR were rejected.

*The Initial Ballot.* NERC moved the proposed Reliability Standard to a 30-day pre-ballot review period that began on October 28, 2008 and ended on November 26, 2008 followed by the initial ballot that took place from December 1, 2008 through December 10, 2008. With an 83.77% quorum participating in the ballot, the proposed Reliability Standard achieved a weighted segment vote of 86.51%. There were 18 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. These comments 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. The drafting team responded that this information is needed to keep models accurate.
- Six balloters had concerns with challenges of implementing the proposed Reliability Standard within a particular Independent System Operator (“ISO”), stating that a variance may be necessary. The drafting team responded that if they believed the current method being used is reliable and meets or exceeds the intent of the proposed Reliability Standard, they can submit a variance, address the issue through joint registration, or pursue other options.
- 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. The drafting team believes the focus of the standard is not consistent with suggested inclusion.

The drafting team did not make any changes to the standard based on these comments.

The team posted its Consideration of Comments reports<sup>25</sup> to the second initial ballot comments on January 19, 2009, and NERC conducted the recirculation ballot from January 20, 2009 through January 29, 2009. With an 85.86% quorum participating in the ballot, the proposed Reliability Standard achieved a weighted segment vote of 86.39%.

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<sup>25</sup> This is item # 18 in the Record of Development.

The proposed Reliability Standard achieved the required two-thirds weighted segment vote and at least a 75 percent quorum of the ballot pool. The NERC Board of Trustees adopted the MOD-030-2 standard during its February 10, 2009 meeting.

## **VII. NERC/NAESB COORDINATION**

NERC and NAESB are working, and continue to work, together to ensure that their efforts remain coordinated and supportive of each other. Below is a brief summary of the ATC-related meetings and discussions that have occurred to support the coordination between NERC and NAESB. Note that this summary does not include informal meetings and discussions that have occurred as well.

April 5-6, 2006 – A joint meeting with NAESB is held in Houston, and the standard drafting team begins considering the changes that will be needed to the MOD standards, what the posting strategy for the standards will consist of, and how NERC and NAESB will coordinate their efforts.

May 15-17, 2007 – The standard drafting team holds a joint meeting with NAESB, at the Georgia Transmission offices in Atlanta, to discuss the posting of the standards and how to re-structure them based on industry comments.

June 12-13, 2007 – The standard drafting team holds a joint meeting with NAESB, in San Francisco, to discuss the names of the methodologies; begin developing the data exchange requirements; discuss multiple reservations from a single POR to multiple PODs that exceed the generating capability at the POR; source-to-sink analysis; the use of 3<sup>rd</sup> party limits in the ATC calculation; the retirement of FAC-012 and -013; compliance; the applicability of the standards to ERCOT; and questions for the FERC.

Jul 11-13, 2007 – The standard drafting team holds a joint meeting with NAESB, at the Southern Company offices in Atlanta, to develop responses to the comments on MOD-001 and MOD-004.

July 16-19, 2007 – The standard drafting team holds a joint meeting with NAESB, in Vancouver, to develop responses to the comments on MOD-008; review the functional model and apply it consistently to the MODs; and assign members of the team respond to comments and solve the problems identified in the June 12th meeting.

August 7-9, 2007 – The standard drafting team holds a joint meeting with NAESB, at the Bonneville Power Administration offices in Portland, to work on the responses to the MOD-028 and MOD-029 comments, as well as work to on standardizing the TTC calculation.

August 27-29, 2007 – The standard drafting team holds a joint meeting with NAESB, at the American Public Power Association offices in Washington, D.C., and begins working in sub-teams on consistent formatting and language between the standards. The team proposes and agrees to a schedule with a delivery in late August, 2008.

September 12-14, 2007 – The standard drafting team holds a joint meeting with NAESB, at the NAESB offices in Houston, and discusses an alternate schedule with delivery in April, 2008. The Drafting Team finishes the majority of the work on MOD-028, -029, and -030; adds VRFs and Time Horizons to the standards, and discusses (without resolution) the situation where there are multiple reservations from a single POR to multiple PODs that exceed the generating capability at the POR.

November 7, 2007 – The standard drafting team holds a joint meeting with NAESB, at the NAESB offices in Houston, to review the NERC standards currently posted for ballot and to solicit NAESB feedback.

January 18, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss comments received during the NERC 45-day posting and review the proposed responses, as well as review the NAESB work products.

January 28, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss comments received during the NERC 45-day posting and review the proposed responses, as well as review the current status of the NAESB work effort.

March 5, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss the NERC balloting process and to review the status of the NAESB work effort.

April 7, 2008 – NERC The standard drafting team holds a joint conference call with NAESB to discuss the results of the NERC ballot process, as well as NERC's strategy for moving forward, and to review the status of the NAESB work effort.

May 29, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss the comments received during the NERC 30-day posting period, and to review the status of the NAESB work effort.

July 17, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss the comments received during the NERC 30-day posting period, and to review the status of the NAESB work effort.

August 7, 2008 – The standard drafting team holds a joint conference call with NAESB to discuss the responses to the comments received during the NERC ballot process, and to review the status of the NAESB work effort.

## **VIII. CONCLUSION**

The North American Electric Reliability Corporation respectfully requests the approval of the proposed Reliability Standards and definitions contained in this filing.

Respectfully submitted,

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## **Exhibit A**

Reliability Standards MOD-001-1, MOD-008-1,  
MOD-028-1, MOD-029-1 and MOD-030-2  
submitted for approval

**Standard Development Roadmap**

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

**Development Steps Completed:**

1. SAC Authorized posting TTC/ATC/AFC SAR Development June 20 2005.
2. SAC Authorized the SAR to be developed as a standard on February 14 2006.
3. SC appointed a Standard Drafting Team on March 17, 2006.
4. SDT posted first draft for comment from February 15–March 16, 2007.
5. SDT posted second draft for comment from May 25–June 25, 2007.
6. SDT posted third draft for comment from October 31–December 15, 2007.
7. SC conducted an Initial Ballot of the standard from March 3–12, 2008.
8. SDT posted fourth draft for comment form April 16–May 15, 2008.

**Description of Current Draft:**

This is the fifth draft of the proposed standard posted for stakeholder comments. This draft includes consideration of stakeholder comments and applicable FERC directives from FERC Order 693, Order 890, and Order 890-A.

**Future Development Plan:**

<b>Anticipated Actions</b>	<b>Anticipated Date</b>
1. Respond to Comments.	June 20, 2008
2. Posting for 30-day Pre-Ballot Review.	June 20, 2008
3. Initial Ballot.	July 21, 2008
4. Respond to comments.	August 20, 2008
5. Recirculation ballot.	August 21, 2008
6. 30-day posting before board adoption.	June 21, 2008
7. Board adoption.	September 1, 2008

### Definitions of Terms Used in Standard

*This section includes all newly defined or revised terms used in the proposed standard. Terms already defined in the Reliability Standards Glossary of Terms are not repeated here. New or revised definitions listed below become approved when the proposed standard is approved. When the standard becomes effective, these defined terms will be removed from the individual standard and added to the Glossary.*

**ATC Path:** Any combination of Point of Receipt and Point of Delivery for which ATC is calculated; and any Posted Path<sup>1</sup>.

**Available Transfer Capability (ATC):** A measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability less Existing Transmission Commitments (including retail customer service), less a Capacity Benefit Margin, less a Transmission Reliability Margin, plus Postbacks, plus counterflows.

**Available Transfer Capability Implementation Document (ATCID):** A document that describes the implementation of a methodology for calculating ATC or AFC, and provides information related to a Transmission Service Provider's calculation of ATC or AFC.

**Transmission Operator Area:** The collection of Transmission assets over which the Transmission Operator is responsible for operating.

**Existing Transmission Commitments (ETC):** Committed uses of a Transmission Service Provider's Transmission system considered when determining ATC or AFC.

**Planning Coordinator:** See Planning Authority.

**Postback:** Positive adjustments to ATC or AFC as defined in Business Practices. Such Business Practices may include processing of redirects and unscheduled service.

**Business Practices:** Those business rules contained in the Transmission Service Provider's applicable tariff, rules, or procedures; associated Regional Reliability Organization or regional entity business practices; or NAESB Business Practices.

**Block Dispatch:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, the capacity of a given generator is segmented into loadable "blocks," each of which is grouped and ordered relative to other blocks (based on characteristics including, but not limited to, efficiency, run of river or fuel supply considerations, and/or "must-run" status).

**Dispatch Order:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, each generator is ranked by priority.

**Participation Factors:** A set of dispatch rules such that given a specific amount of load to serve, an approximate generation dispatch can be determined. To accomplish this, generators are assigned a percentage that they will contribute to serve load.

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<sup>1</sup> See 18 CFR 37.6(b)(1)

**A. Introduction**

- 1. Title:** Available Transmission System Capability
- 2. Number:** MOD-001-1
- 3. Purpose:** To ensure that calculations are performed by Transmission Service Providers to maintain awareness of available transmission system capability and future flows on their own systems as well as those of their neighbors
- 4. Applicability:**
  - 4.1.** Transmission Service Provider.
  - 4.2.** Transmission Operator.
- 5. Proposed Effective Date:** First day of the first calendar quarter that is twelve months beyond the date that all four standards (MOD-001-1, MOD-028-1, MOD-029-1, and MOD-030-1) are approved by all applicable regulatory authorities.

**B. Requirements**

- R1.** Each Transmission Operator shall select one of the methodologies<sup>2</sup> listed below for calculating Available Transfer Capability (ATC) or Available Flowgate Capability (AFC) for each ATC Path per time period identified in R2 for those Facilities within its Transmission operating area: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
  - The Area Interchange Methodology, as described in MOD-028
  - The Rated System Path Methodology, as described in MOD-029
  - The Flowgate Methodology, as described in MOD-030
- R2.** Each Transmission Service Provider shall calculate ATC or AFC values as listed below using the methodology or methodologies selected by its Transmission Operator(s): [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
  - R2.1.** Hourly values for at least the next 48 hours.
  - R2.2.** Daily values for at least the next 31 calendar days.
  - R2.3.** Monthly values for at least the next 12 months (months 2-13).
- R3.** Each Transmission Service Provider shall prepare and keep current an Available Transfer Capability Implementation Document (ATCID) that includes, at a minimum, the following information: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
  - R3.1.** Information describing how the selected methodology (or methodologies) has been implemented, in such detail that, given the same information used by the Transmission Service Provider, the results of the ATC or AFC calculations can be validated.
  - R3.2.** A description of the manner in which the Transmission Service Provider will account for counterflows including:
    - R3.2.1.** How confirmed Transmission reservations, expected Interchange and internal counterflow are addressed in firm and non-firm ATC or AFC calculations.

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<sup>2</sup> All ATC Paths do not have to use the same methodology and no particular ATC Path must use the same methodology for all time periods.

- R3.2.2.** A rationale for that accounting specified in R3.2.
- R3.3.** The identity of the Transmission Operators and Transmission Service Providers from which the Transmission Service Provider receives data for use in calculating ATC or AFC.
- R3.4.** The identity of the Transmission Service Providers and Transmission Operators to which it provides data for use in calculating transfer or Flowgate capability.
- R3.5.** A description of the allocation processes listed below that are applicable to the Transmission Service Provider:
- Processes used to allocate transfer or Flowgate capability among multiple lines or sub-paths within a larger ATC Path or Flowgate.
  - Processes used to allocate transfer or Flowgate capabilities among multiple owners or users of an ATC Path or Flowgate.
  - Processes used to allocate transfer or Flowgate capabilities between Transmission Service Providers to address issues such as forward looking congestion management and seams coordination.
- R3.6.** A description of how generation and transmission outages are considered in transfer or Flowgate capability calculations, including:
- R3.6.1.** The criteria used to determine when an outage that is in effect part of a day impacts a daily calculation.
- R3.6.2.** The criteria used to determine when an outage that is in effect part of a month impacts a monthly calculation.
- R3.6.3.** How outages from other Transmission Service Providers that can not be mapped to the Transmission model used to calculate transfer or Flowgate capability are addressed.
- R4.** The Transmission Service Provider shall notify the following entities before implementing a new or revised ATCID: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R4.1.** Each Planning Coordinator associated with the Transmission Service Provider's area.
- R4.2.** Each Reliability Coordinator associated with the Transmission Service Provider's area.
- R4.3.** Each Transmission Operator associated with the Transmission Service Provider's area.
- R4.4.** Each Planning Coordinator adjacent to the Transmission Service Provider's area.
- R4.5.** Each Reliability Coordinator adjacent to the Transmission Service Provider's area.
- R4.6.** Each Transmission Service Provider whose area is adjacent to the Transmission Service Provider's area.
- R5.** The Transmission Service Provider shall make available the current ATCID to all of the entities specified in R4. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R6.** When calculating Total Transfer Capability (TTC) or Total Flowgate Capability (TFC) the Transmission Operator shall use assumptions no more limiting than those used in the planning of operations for the corresponding time period studied, providing such planning of

## Standard MOD-001-1 — Available Transmission System Capability

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operations has been performed for that time period. *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*

- R7.** When calculating ATC or AFC the Transmission Service Provider shall use assumptions no more limiting than those used in the planning of operations for the corresponding time period studied, providing such planning of operations has been performed for that time period. *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*
- R8.** Each Transmission Service Provider that calculates ATC shall recalculate ATC at a minimum on the following frequency, unless none of the calculated values identified in the ATC equation have changed: *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*
- R8.1.** Hourly values, once per hour. Transmission Service Providers are allowed up to 175 hours per calendar year during which calculations are not required to be performed, despite a change in a calculated value identified in the ATC equation.
- R8.2.** Daily values, once per day.
- R8.3.** Monthly values, once per week.
- R9.** Within thirty calendar days of receiving a request by any Transmission Service Provider, Planning Coordinator, Reliability Coordinator, or Transmission Operator for data from the list below solely for use in the requestor's ATC or AFC calculations, each Transmission Service Provider receiving said request shall begin to make the requested data available to the requestor, subject to the conditions specified in R9.1 and R9.2: *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*
- Expected generation and Transmission outages, additions, and retirements.
  - Load forecasts.
  - Unit commitments and order of dispatch, to include all designated network resources and other resources that are committed or have the legal obligation to run, as they are expected to run, in one of the following formats chosen by the data provider:
    - Dispatch Order
    - Participation Factors
    - Block Dispatch
  - Aggregated firm capacity set-aside for Network Integration Transmission Service and aggregated non-firm capacity set aside for Network Integration Transmission Service (i.e. Secondary Service).
  - Firm and non-firm Transmission reservations.
  - Aggregated capacity set-aside for Grandfathered obligations
  - Firm roll-over rights.
  - Any firm and non-firm adjustments applied by the Transmission Service Provider to reflect parallel path impacts.
  - Power flow models and underlying assumptions.
  - Contingencies, provided in one or more of the following formats:

Note that the North American Energy Standards Board (NAESB) is developing the companion standards that address the posting of ATC information, including supporting information such as that described in R9.

## Standard MOD-001-1 — Available Transmission System Capability

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- A list of Elements
- A list of Flowgates
- A set of selection criteria that can be applied to the Transmission model used by the Transmission Operator and/or Transmission Service Provider
- Facility Ratings.
- Any other services that impact Existing Transmission Commitments (ETCs).
- Values of Capacity Benefit Margin (CBM) and Transmission Reliability Margin (TRM) for all ATC Paths or Flowgates.
- Values of Total Flowgate Capability (TFC) and AFC for any Flowgates considered by the Transmission Service Provider receiving the request when selling Transmission service.
- Values of TTC and ATC for all ATC Paths for those Transmission Service Providers receiving the request that do not consider Flowgates when selling Transmission Service.
- Source and sink identification and mapping to the model.

**R9.1.** The Transmission Service Provider shall make its own current data available, in the format maintained by the Transmission Service Provider, for up to 13 months into the future (subject to confidentiality and security requirements).

**R9.1.1.** If the Transmission Service Provider uses the data requested in its transfer or Flowgate capability calculations, it shall make the data used available

**R9.1.2.** If the Transmission Service Provider does not use the data requested in its transfer or Flowgate capability calculations, but maintains that data, it shall make that data available

**R9.1.3.** If the Transmission Service Provider does not use the data requested in its transfer or Flowgate capability calculations, and does not maintain that data, it shall not be required to make that data available

**R9.2.** This data shall be made available by the Transmission Provider on the schedule specified by the requestor (but no more frequently than once per hour, unless mutually agreed to by the requestor and the provider).

### C. Measures

**M1.** The Transmission Operator shall provide evidence (such as a calculation, inclusion of the information in the ATCID, or other written documentation) that it has selected one of the specified methodologies per time period in R2 for use in determining Transfer Capabilities of those Facilities for each ATC Path within the Transmission Operator's operating area. (R1).

**M2.** The Transmission Service Provider shall provide ATC or AFC values and identification of the selected methodologies along with other evidence (such as written documentation, processes, or data) to show it calculated ATC or AFC for the following using the selected methodology or methodologies chosen as part of R1 (R2):

- There has been at least 48 hours of hourly values calculated at all times. (R2.1)
- There has been at least 31 consecutive calendar days of daily values calculated at all times. (R2.2)
- There has been at least the next 12 months of monthly values calculated at all times (Months 2-13). (R2.3)

## Standard MOD-001-1 — Available Transmission System Capability

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- M3.** The Transmission Service Provider shall provide its current ATCID that contains all the information specified in R3. (R3)
- M4.** The Transmission Service Provider shall provide evidence (such as dated electronic mail messages, mail receipts, or voice recordings) that it has notified the entities specified in R4 before a new or revised ATCID was implemented. (R4)
- M5.** The Transmission Service Provider shall provide evidence (such as a demonstration) that the current ATCID is available to all of the entities specified in R4, as required by R5. (R5)
- M6.** The Transmission Operator shall provide a copy of the assumptions (such as contingencies, loop flow, generation re-dispatch, switching operating guides or data sources for load forecast and facility outages) used to calculate TTC or TFC as well as other evidence (such as copies of operations planning studies, models, supporting information, or data) to show that the assumptions used in determining TTC or TFC are no more limiting than those used in planning of operations for the corresponding time period studied. Alternatively the Transmission Operator may demonstrate that the same load flow cases are used for both TTC or TFC and Operations Planning. When different inputs to the calculations are used because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall not be considered to be a difference in assumptions. (R6)
- M7.** The Transmission Service Provider shall provide a copy of the assumptions (such as contingencies, loop flow, generation re-dispatch, switching operating guides or data sources for load forecast and facility outages) used to calculate ATC or AFC as well as other evidence (such as copies of operations planning studies, models, supporting information, or data) to show that the assumptions used in determining ATC or AFC are no more limiting than those used in planning of operations for the corresponding time period studied. Alternatively the Transmission Service Provider may demonstrate that the same load flow cases are used for both AFC and Operations Planning. When different inputs to the calculations are used because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall not be considered to be a difference in assumptions. (R7)
- M8.** The Transmission Service Provider calculating ATC shall provide evidence (such as logs or data) that it has calculated the hourly, daily, and monthly values on at least the minimum frequencies specified in R8 or provide evidence (such as data, procedures, or software documentation) that the calculated values identified in the ATC equation have not changed. (R8)
- M9.** The Transmission Service Provider shall provide a copy of the dated request, if any, for ATC or AFC data as well as evidence to show it responded to that request (such as logs or data) within thirty calendar days of receiving the request, and the requested data items were made available in accordance with R9. (R9)

### **D. Compliance**

#### **1. Compliance Monitoring Process**

##### **1.1. Compliance Enforcement Authority**

Regional Entity.

##### **1.2. Compliance Monitoring Period and Reset Time Frame**

Not applicable.

##### **1.3. Data Retention**

## **Standard MOD-001-1 — Available Transmission System Capability**

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The Transmission Operator and Transmission Service Provider shall keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Transmission Operator shall maintain its current selected method(s) for calculating ATC or AFC and any methods in force since last compliance audit period to show compliance with R1.
- The Transmission Service Provider shall maintain evidence to show compliance with R2, R4, R6, R7, and R8 for the most recent calendar year plus the current year.
- The Transmission Service Provider shall maintain its current, in force ATCID and any prior versions of the ATCID that were in force since the last compliance audit to show compliance with R3.
- The Transmission Service Provider shall maintain evidence to show compliance with R5 for the most recent three calendar years plus the current year.
- The Transmission Operator shall maintain evidence to show compliance with R6 for the most recent calendar year plus the current year.
- If a Transmission Service Provider or Transmission Operator is found non-compliant, it shall keep information related to the non-compliance until found compliant.

The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

### **1.4. Compliance Monitoring and Enforcement Processes:**

The following processes may be used:

- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Complaints

### **1.5. Additional Compliance Information**

None.

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**2. Violation Severity Levels**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R1.	N/A	N/A	N/A	The Transmission Operator did not select one of the specified methodologies for each ATC Path per time period identified in R2 for those Facilities within its Transmission operating area.
R2.	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ The Transmission Service Provider has calculated hourly ATC or AFC values for more than the next 30 hours but less than the next 48 hours.</li> <li>▪ Has calculated daily ATC or AFC values for more than the next 21 calendar days but less than the next 31 calendar days.</li> <li>▪ Has calculated monthly ATC or AFC values for more than the next 9 months but less than the next 12 months.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ The Transmission Service Provider has calculated hourly ATC or AFC values for more than the next 20 hours but less than the next 31 hours.</li> <li>▪ Has calculated daily ATC or AFC values for more than the next 14 calendar days but less than the next 22 calendar days.</li> <li>▪ Has calculated monthly ATC or AFC values for more than the next 6 months but less than the next 10 months.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ The Transmission Service Provider has calculated hourly ATC or AFC values for more than the next 10 hours but less than the next 21 hours.</li> <li>▪ Has calculated daily ATC or AFC values for more than the next 7 calendar days but less than the next 15 calendar days.</li> <li>▪ Has calculated monthly ATC or AFC values for more than the next 3 months but less than the next 7 months.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ The Transmission Service Provider has calculated hourly ATC or AFC values for less than the next 11 hours.</li> <li>▪ Has calculated daily ATC or AFC values for less than the next 8 calendar days.</li> <li>▪ Has calculated monthly ATC or AFC values for less than the next 4 months.</li> <li>▪ Did not use the selected methodology(ies) to calculate ATC.</li> </ul>

**Standard MOD-001-1 — Available Transmission System Capability**

<b>R #</b>	<b>Lower VSL</b>	<b>Moderate VSL</b>	<b>High VSL</b>	<b>Severe VSL</b>
R3.	The Transmission Service Provider has an ATCID that does not incorporate changes made up to three months ago.	The Transmission Service Provider has an ATCID that does not incorporate changes made more than three months but not more than six months ago.	The Transmission Service Provider has an ATCID that does not incorporate changes made more than six months but not more than one year ago.  <b>OR</b> The Transmission Service Provider has an ATCID, but it does not include one or two of the information items described in R3.	The Transmission Service Provider has an ATCID that does not incorporate changes made a year or more ago.  <b>OR</b> The Transmission Service Provider does not have an ATCID, or its ATCID does not include three or more of the information items described in R3.
R4.	The Transmission Service Provider notified one or more of the parties specified in R4 of a new or modified ATCID after, but not more than 30 calendar days after, its implementation.	The Transmission Service Provider notified one or more of the parties specified in R4 of a new or modified ATCID more than 30, but not more than 60, calendar days after its implementation.	The Transmission Service Provider notified one or more of the parties specified in R4 of a new or modified ATCID more than 60, but not more than 90, calendar days after its implementation.	The Transmission Service Provider notified one or more of the parties specified in R4 of a new or modified ATCID more than 90 calendar days after its implementation.  <b>OR</b> The Transmission Service Provider did not notify one or more of the parties specified in R4 of a new or modified ATCID for more than 90 calendar days after its implementation.
R5.	N/A	N/A	N/A	The Transmission Service Provider did not make the ATCID available to the parties described in R4.

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R6.	The Transmission Operator determined TTC or TFC using assumptions more limiting than those used in planning of operations for the studied time period for more than zero ATC Paths or Flowgates, but not more than 5% of all ATC Paths or Flowgates or 1 ATC Path or Flowgate (whichever is greater).	The Transmission Operator determined TTC or TFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 5% of all ATC Paths or Flowgates or 1 ATC Path or Flowgate (whichever is greater), but not more than 10% of all ATC Paths or Flowgates or 2 ATC Paths or Flowgates (whichever is greater).	The Transmission Operator determined TTC or TFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 10% of all ATC Paths or Flowgates or 2 ATC Path or Flowgate (whichever is greater), but not more than 15% of all ATC Paths or Flowgates or 3 ATC Paths or Flowgates (whichever is greater).	The Transmission Operator determined TTC or TFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 15% of all ATC Paths or Flowgates or more than 3 ATC Paths or Flowgates (whichever is greater).
R7	The Transmission Service Provider determined ATC or AFC using assumptions more limiting than those used in planning of operations for the studied time period for more than zero ATC Paths or Flowgates, but not more than 5% of all ATC Paths or Flowgates or 1 ATC Path or Flowgate (whichever is greater).	The Transmission Service Provider determined ATC or AFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 5% of all ATC Paths or Flowgates or 1 ATC Path or Flowgate (whichever is greater), but not more than 10% of all ATC Paths or Flowgates or 2 ATC Paths or Flowgates (whichever is greater).	The Transmission Service Provider determined ATC or AFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 10%, of all ATC Paths or Flowgates or 2 ATC Path or Flowgate (whichever is greater), but not more than 15% of all ATC Paths or Flowgates or 3 ATC Paths or Flowgates (whichever is greater).	The Transmission Service Provider determined ATC or AFC using assumptions more limiting than those used in planning of operations for the studied time period for more than 15% of all ATC Paths or Flowgates or more than 3 ATC Paths or Flowgates (whichever is greater).
R8.	One or more of the following: <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for one or more hours but not more than 15 hours, and was in excess of the 175-hour per year requirement.</li> </ul>	One or more of the following: <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for more than 15 hours but not more than 20 hours, and was in excess of the 175-hour per year requirement.</li> </ul>	One or more of the following: <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for more than 20 hours but not more than 25 hours, and was in excess of the 175-hour per year requirement.</li> </ul>	One or more of the following: <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for more than 25 hours, and was in excess of the 175-hour per year requirement.</li> <li>▪ For Daily, the values</li> </ul>

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	<ul style="list-style-type: none"> <li>▪ For Daily, the values described in the ATC equation changed and the Transmission Service provider did not calculate for one or more calendar days but not more than 3 calendar days.</li> <li>▪ For Monthly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for seven or more calendar days, but less than 14 calendar days.</li> </ul>	<ul style="list-style-type: none"> <li>▪ For Daily, the values described in the ATC equation changed and the Transmission Service provider did not calculate for more than 3 calendar days but not more than 4 calendar days.</li> <li>▪ For Monthly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for 14 or more calendar days, but less than 21 calendar days.</li> </ul>	<p>For Daily, the values described in the ATC equation changed and the Transmission Service provider did not calculate for more than 4 calendar days but not more than 5 calendar days.</p> <ul style="list-style-type: none"> <li>▪ For Monthly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for 21 or more calendar days, but less than 28 calendar days.</li> </ul>	<p>described in the ATC equation changed and the Transmission Service provider did not calculate for more than 5 calendar days.</p> <ul style="list-style-type: none"> <li>▪ For Monthly, the values described in the ATC equation changed and the Transmission Service provider did not calculate for 28 or more calendar days.</li> </ul>
R9	N/A	The Transmission Service Provider made the requested data items specified in R9 available to the requesting entities specified within the requirement, per the schedule specified in the request, subject to the limitations specified in R9, available more than 30 calendar days but less than 45 calendar days after receiving a request.	The Transmission Service Provider made the requested data items specified in R9 available to the requesting entities specified within the requirement, per the schedule specified in the request, subject to the limitations specified in R9, available 45 calendar days or more but less than 60 calendar days after receiving a request.	The Transmission Service Provider did not make the requested data items specified in R9 available to the requesting entities specified within the requirement, per the schedule specified in the request, subject to the limitations specified in R9, available for 60 calendar days or more after receiving a request.

**Standard Development Roadmap**

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

**Development Steps Completed:**

1. SAC authorized posting TTC/ATC/AFC SAR development June 20, 2005.
2. SAC authorized the SAR to be development as a standard on February 14, 2006.
3. SC appointed a Standard Drafting Team on March 17, 2006.
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7. SDT posted third draft for comment from April 16–May 15, 2008.

**Description of Current Draft:**

This is the fourth draft of the proposed standard posted for stakeholder comments. This draft includes consideration of stakeholder comments and applicable FERC directives from FERC Order 693, Order 890, and Order 890-A.

**Future Development Plan:**

<b>Anticipated Actions</b>	<b>Anticipated Date</b>
1. Respond to Comments.	June 20, 2008
2. Posting for 30-day Pre-Ballot Review.	June 20, 2008
3. Initial Ballot.	July 21, 2008
4. Respond to comments.	August 20, 2008
5. Recirculation ballot.	August 21, 2008
6. 30 Day posting before board adoption.	June 21, 2008
7. Board adoption.	September 1, 2008

**Definitions of Terms Used in Standard**

*This section includes all newly defined or revised terms used in the proposed standard. Terms already defined in the Reliability Standards Glossary of Terms are not repeated here. New or revised definitions listed below become approved when the proposed standard is approved. When the standard becomes effective, these defined terms will be removed from the individual standard and added to the Glossary.*

**Transmission Reliability Margin Implementation Document (TRMID):** A document that describes the implementation of a Transmission Reliability Margin methodology, and provides information related to a Transmission Operator's calculation of TRM.

## A. Introduction

1. **Title:** Transmission Reliability Margin Calculation Methodology
2. **Number:** MOD-008-1
3. **Purpose:** To promote the consistent and reliable calculation, verification, preservation, and use of Transmission Reliability Margin (TRM) to support analysis and system operations.
4. **Applicability:**
  - 4.1. Transmission Operators that maintain TRM.
5. **Proposed Effective Date:** First day of the first calendar quarter that is twelve months beyond the date this standard is approved by applicable regulatory authorities, or in those jurisdictions where regulatory approval is not required, the standard becomes effective on the first day of the first calendar quarter that is twelve months beyond the date this standard is approved by the NERC Board of Trustees.

## B. Requirements

- R1. Each Transmission Operator shall prepare and keep current a TRM Implementation Document (TRMID) that includes, as a minimum, the following information:  
[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]
  - R1.1. Identification of (on each of its respective ATC Paths or Flowgates) each of the following components of uncertainty if used in establishing TRM, and a description of how that component is used to establish a TRM value:
    - Aggregate Load forecast.
    - Load distribution uncertainty.
    - Forecast uncertainty in Transmission system topology (including, but not limited to, forced or unplanned outages and maintenance outages).
    - Allowances for parallel path (loop flow) impacts.
    - Allowances for simultaneous path interactions.
    - Variations in generation dispatch (including, but not limited to, forced or unplanned outages, maintenance outages and location of future generation).
    - Short-term System Operator response (Operating Reserve actions ).
    - Reserve sharing requirements.
    - Inertial response and frequency bias.
  - R1.2. The description of the method used to allocate TRM across ATC Paths or Flowgates.
  - R1.3. The identification of the TRM calculation used for the following time periods:
    - R1.3.1. Same day and real-time.
    - R1.3.2. Day-ahead and pre-schedule.
    - R1.3.3. Beyond day-ahead and pre-schedule, up to thirteen months ahead.

- R2.** Each Transmission Operator shall only use the components of uncertainty from R1.1 to establish TRM, and shall not include any of the components of Capacity Benefit Margin (CBM). Transmission capacity set aside for reserve sharing agreements can be included in TRM. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R3.** Each Transmission Operator shall make available its TRMID, and if requested, underlying documentation (if any) used to determine TRM, in the format used by the Transmission Operator, to any of the following who make a written request no more than 30 calendar days after receiving the request. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- Transmission Service Providers
  - Reliability Coordinators
  - Planning Coordinators
  - Transmission Planner
  - Transmission Operators
- R4.** Each Transmission Operator that maintains TRM shall establish TRM values in accordance with the TRMID at least once every 13 months. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R5.** The Transmission Operator that maintains TRM shall provide the TRM values to its Transmission Service Provider(s) and Transmission Planner(s) no more than seven calendar days after a TRM value is initially established or subsequently changed. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

**C. Measures**

- M1.** Each Transmission Operator shall produce its TRMID evidencing inclusion of all specified information in R1. (R1)
- M2.** Each Transmission Operator shall provide evidence including its TRMID, TRM values, CBM values, or other evidence, (such as written documentation, study reports, documentation of its CBM process, and supporting information) to demonstrate that its TRM values did not include any elements of uncertainty beyond those defined in R1.1 and to show that it did not include any of the components of CBM. (R2)
- M3.** Each Transmission Operator shall provide a dated copy of any request from an entity described in R3. The Transmission Operator shall also provide evidence (such as copies of emails or postal receipts that show the recipient, date and contents) that the requested documentation (such as work papers and load flow cases) was made available within the specified timeframe to the requestor. (R3)
- M4.** Each Transmission Operator shall provide evidence (such as logs, study report, review notes, or data) that it established TRM values at least once every thirteen months for each of the TRM time periods. (R4)
- M5.** Each Transmission Operator shall provide evidence (such as logs, email, website postings) that it provided their Transmission Service Provider(s) and Transmission Planner(s) with the updated TRM value as described in R5. (R5)

**D. Compliance**

**1. Compliance Monitoring Process**

**1.1. Compliance Enforcement Authority**

Regional Entity.

**1.2. Compliance Monitoring Period and Reset Time Frame**

Not applicable.

**1.3. Data Retention**

The Transmission Operator shall keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Transmission Operator shall have its current, in-force TRMID and any TRMIDs in force since last compliance audit period for R1.
- The Transmission Operator shall retain evidence to show compliance with R2, R3, and R5 for the most recent three calendar years plus the current year.
- The Transmission Operator shall retain evidence to show compliance with R4 for the most recent three calendar years plus the current year.
- If a responsible entity is found non-compliant, it shall keep information related to the non-compliance until found compliant.
- The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

**1.4. Compliance Monitoring and Enforcement Processes**

Any of the following may be used:

- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Complaints

**1.5. Additional Compliance Information**

None.

**Standard MOD-008-1 — TRM Calculation Methodology**

**2. Violation Severity Levels**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R1.	The Transmission Operator has a TRMID that does not incorporate changes made up to three months ago.	<p>The Transmission Operator has a TRMID that does not incorporate changes that have been made three or more months ago but less than six months ago.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator's TRMID does not address one of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ Any one or more of the following:                             <ul style="list-style-type: none"> <li>○ R1.3.1, R1.3.2 or R1.3.3</li> </ul> </li> </ul>	<p>The Transmission Operator has a TRMID that does not incorporate changes that have been made six or more months ago but less than one year ago.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator's TRMID does not address two of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ Any one or more of the following:                             <ul style="list-style-type: none"> <li>○ R1.3.1, R1.3.2 or R1.3.3</li> </ul> </li> </ul>	<p>The Transmission Operator has a TRMID that does not incorporate changes that have been made one year ago or more.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator does not have a TRMID.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator's TRMID does not address three of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ Any one or more of the following:                             <ul style="list-style-type: none"> <li>○ R1.3.1, R1.3.2 or R1.3.3</li> </ul> </li> </ul>
R2.	N/A	N/A	N/A	<p>One or both of the following:</p> <ul style="list-style-type: none"> <li>▪ The Transmission Operator included elements of uncertainty not defined in R1 in their establishment of TRM.</li> <li>▪ The Transmission Operator included components of CBM in TRM.</li> </ul>
R3.	The Transmission Operator made the TRMID available to a requesting entity specified in R3 but provided TRMID in more than 30 days but less than 45 days.	The Transmission Operator made the TRMID available to a requesting entity specified in R3 but provided TRMID in 45 days or more but less than 60 days.	The Transmission Operator made the TRMID available to a requesting entity specified in R3 but provided TRMID in 60 days or more but less than 90 days.	The Transmission Operator did not make the TRMID available for 90 days or more.

**Standard MOD-008-1 — TRM Calculation Methodology**

R4	<p>The Transmission Operator established TRM values on schedule BUT the values were incomplete or incorrect. Not more than 5% or 1 value (whichever is greater) were incorrect or missing.</p>	<p>The Transmission Operator did not establish TRM within thirteen months of the previous determination, and the last determination was not more than 15 months ago</p> <p>OR</p> <p>The Transmission Operator established TRM values on schedule BUT the values were incomplete. More than 5%, or 1 value (which ever is greater) were incorrect or missing, but not more than 10% or 2 values (whichever is greater).</p>	<p>The Transmission Operator did not establish TRM within 15 months of the previous determination, and the last determination was not more than 18 months ago.</p> <p>OR</p> <p>The Transmission Operator established TRM values on schedule BUT the values were incomplete or incorrect. More than 10% or 2 values (which ever is greater) were incorrect or missing, but not more than 15% or 3 values.</p>	<p>The Transmission Operator did not establish TRM</p> <p>OR</p> <p>The last determination of TRM was more than 18 months ago.</p> <p>OR</p> <p>The Transmission Operator established TRM values on schedule BUT the values were incomplete or incorrect. More than 15% or 3 values (which ever is greater) were incorrect or missing.</p>
R5	<p>The Transmission Operator did provide the TRM values to all entities specified in more than 7 days but less than 14 days.</p> <p>OR</p> <p>The Transmission Operator did provide TRM values on schedule BUT the values were incomplete or did not match those determined in R4. Not more than 5% or 1 value (which ever is greater) were incorrect or missing.</p>	<p>The Transmission Operator did provide the TRM values to all entities specified in 14 days or more, but less than 30 days.</p> <p>OR</p> <p>The Transmission Operator did provide TRM values on schedule BUT the values were incomplete or did not match those determined in R4. More than 5% or 1 value (which ever is greater) were incorrect or missing, but not more than 10% or 2 values (whichever is greater).</p>	<p>The Transmission Operator did provide the TRM values to all entities specified in 30 days or more, but less than 60 days.</p> <p>OR</p> <p>The Transmission Operator did provide TRM values on schedule BUT the values were incomplete or did not match those determined in R4. More than 10% or 2 values (which ever is greater) were incorrect or missing, but not more than 15% or 3 values.</p>	<p>The Transmission Operator did not provide the TRM values to all entities specified within 60 days of the change.</p> <p>OR</p> <p>The Transmission Operator did provide TRM values on schedule BUT the values were incomplete or did not match those determined in R4. More than 15% or 3 values (which ever is greater) were incorrect or missing.</p>

### **Standard Development Roadmap**

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

#### **Development Steps Completed:**

1. SAC authorized posting TTC/ATC/AFC SAR development June 20, 2005.
2. SAC authorized the SAR to be developed as a standard on February 14, 2006.
3. SC appointed a Standard Drafting Team on March 17, 2006.
4. SDT posted first draft for comment from May 25–June 25, 2007.
5. SDT posted second draft for comment from October 31–December 14, 2007.
6. SC conducted an Initial Ballot of the standard from March 3–12, 2008.

#### **Description of Current Draft:**

This is the fourth draft of the proposed standard posted for stakeholder comments. This draft includes consideration of stakeholder comments and applicable FERC directives from FERC Order 693, Order 890, and Order 890-A.

#### **Future Development Plan:**

<b>Anticipated Actions</b>	<b>Anticipated Date</b>
1. Posting for 30-day industry comment.	April 16, 2008
2. Respond to Comments.	June 20, 2008
3. Posting for 30-day Pre-Ballot Review.	June 21, 2008
4. Initial Ballot.	July 21, 2008
5. Respond to comments.	August 20, 2008
6. Recirculation ballot.	August 21, 2008
7. 30-day posting before board adoption.	June 21, 2008
8. Board adoption.	September 1, 2008

**Definitions of Terms Used in Standard**

*This section includes all newly defined or revised terms used in the proposed standard. Terms already defined in the Reliability Standards Glossary of Terms are not repeated here. New or revised definitions listed below become approved when the proposed standard is approved. When the standard becomes effective, these defined terms will be removed from the individual standard and added to the Glossary.*

**Area Interchange Methodology:** The Area Interchange methodology is characterized by determination of incremental transfer capability via simulation, from which Total Transfer Capability (TTC) can be mathematically derived. Capacity Benefit Margin, Transmission Reliability Margin, and Existing Transmission Commitments are subtracted from the TTC, and Postbacks and counterflows are added, to derive Available Transfer Capability. Under the Area Interchange Methodology, TTC results are generally reported on an area to area basis.

## A. Introduction

1. **Title:** Area Interchange Methodology
2. **Number:** MOD-028-1
3. **Purpose:** To increase consistency and reliability in the development and documentation of Transfer Capability calculations for short-term use performed by entities using the Area Interchange Methodology to support analysis and system operations.
4. **Applicability:**
  - 4.1. Each Transmission Operator that uses the Area Interchange Methodology to calculate Total Transfer Capabilities (TTCs) for ATC Paths.
  - 4.2. Each Transmission Service Provider that uses the Area Interchange Methodology to calculate Available Transfer Capabilities (ATCs) for ATC Paths.
5. **Proposed Effective Date:** First day of the first calendar quarter that is twelve months beyond the date that all four standards (MOD-001-1, MOD-028-1, MOD-029-1, and MOD-030-1) are approved by all applicable regulatory authorities.

## B. Requirements

- R1. Each Transmission Service Provider shall include in its Available Transfer Capability Implementation Document (ATCID), at a minimum, the following information relative to its methodology for determining Total Transfer Capability (TTC): [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
  - R1.1. Information describing how the selected methodology has been implemented, in such detail that, given the same information used by the Transmission Operator, the results of the TTC calculations can be validated.
  - R1.2. A description of the manner in which the Transmission Operator will account for Interchange Schedules in the calculation of TTC.
  - R1.3. Any contractual obligations for allocation of TTC.
  - R1.4. A description of the manner in which Contingencies are identified for use in the TTC process.
  - R1.5. The following information on how source and sink for transmission service is accounted for in ATC calculations including:
    - R1.5.1. Define if the source used for Available Transfer Capability (ATC) calculations is obtained from the source field or the Point of Receipt (POR) field of the transmission reservation
    - R1.5.2. Define if the sink used for ATC calculations is obtained from the sink field or the Point of Delivery (POD) field of the transmission reservation
    - R1.5.3. The source/sink or POR/POD identification and mapping to the model.



- R4.** When calculating TTCs for ATC Paths, the Transmission Operator shall meet all of the following conditions: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R4.1.** Use all Contingencies meeting the criteria described in the ATCID.
- R4.2.** Respect any contractual allocations of TTC.
- R4.3.** Include, for each time period, the Firm Transmission Service expected to be scheduled as specified in the ATCID (filtered to reduce or eliminate duplicate impacts from transactions using Transmission service from multiple Transmission Service Providers) for the Transmission Service Provider, all adjacent Transmission Service Providers, and any Transmission Service Providers with which coordination agreements have been executed modeling the source and sink as follows:
- If the source, as specified in the ATCID, has been identified in the reservation and it is discretely modeled in the Transmission Service Provider's Transmission model, use the discretely modeled point as the source.
  - If the source, as specified in the ATCID, has been identified in the reservation and the point can be mapped to an "equivalence" or "aggregate representation" in the Transmission Service Provider's Transmission model, use the modeled equivalence or aggregate as the source.
  - If the source, as specified in the ATCID, has been identified in the reservation and the point cannot be mapped to a discretely modeled point, an "equivalence," or an "aggregate representation" in the Transmission Service Provider's Transmission model, use the immediately adjacent Balancing Authority associated with the Transmission Service Provider from which the power is to be received as the source.
  - If the source, as specified in the ATCID, has not been identified in the reservation, use the immediately adjacent Balancing Authority associated with the Transmission Service Provider from which the power is to be received as the source.
  - If the sink, as specified in the ATCID, has been identified in the reservation and it is discretely modeled in the Transmission Service Provider's Transmission model, use the discretely modeled point shall as the sink.
  - If the sink, as specified in the ATCID, has been identified in the reservation and the point can be mapped to an "equivalence" or "aggregate representation" in the Transmission Service Provider's Transmission model, use the modeled equivalence or aggregate as the sink.
  - If the sink, as specified in the ATCID, has been identified in the reservation and the point can not be mapped to a discretely modeled point, an "equivalence," or an "aggregate representation" in the Transmission Service Provider's Transmission model, use the immediately adjacent

Balancing Authority associated with the Transmission Service Provider to which the power is to be delivered as the sink.

- If the sink, as specified in the ATCID, has not been identified in the reservation, use the immediately adjacent Balancing Authority associated with the Transmission Service Provider to which the power is being delivered as the sink.

**R5.** Each Transmission Operator shall establish TTC for each ATC Path as defined below: *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*

**R5.1.** At least once within the seven calendar days prior to the specified period for TTCs used in hourly and daily ATC calculations.

**R5.2.** At least once per calendar month for TTCs used in monthly ATC calculations.

**R5.3.** Within 24 hours of the unexpected outage of a 500 kV or higher transmission Facility or a transformer with a low-side voltage of 200 kV or higher for TTCs in effect during the anticipated duration of the outage, provided such outage is expected to last 24 hours or longer.

**R6.** Each Transmission Operator shall establish TTC for each ATC Path using the following process: *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*

**R6.1.** Determine the incremental Transfer Capability for each ATC Path by increasing generation and/or decreasing load within the source Balancing Authority area and decreasing generation and/or increasing load within the sink Balancing Authority area until either:

- A System Operating Limit is reached on the Transmission Service Provider's system, or
- A SOL is reached on any other adjacent system in the Transmission model that is not on the study path and the distribution factor is 5% or greater<sup>1</sup>.

**R6.2.** If the limit in step R6.1 can not be reached by adjusting any combination of load or generation, then set the incremental Transfer Capability by the results of the case where the maximum adjustments were applied.

**R6.3.** Use (as the TTC) the lesser of:

- The sum of the incremental Transfer Capability and the impacts of Firm Transmission Services, as specified in the Transmission Service Provider's ATCID, that were included in the study model, or
- The sum of Facility Ratings of all ties comprising the ATC Path.

**R6.4.** For ATC Paths whose capacity uses jointly-owned or allocated Facilities, limit TTC for each Transmission Service Provider so the TTC does not exceed each Transmission Service Provider's contractual rights.

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<sup>1</sup> The Transmission operator may honor distribution factors less than 5% if desired.

- R7.** The Transmission Operator shall provide the Transmission Service Provider of that ATC Path with the most current value for TTC for that ATC Path no more than:  
*[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*
- R7.1.** One calendar day after its determination for TTCs used in hourly and daily ATC calculations.
- R7.2.** Seven calendar days after its determination for TTCs used in monthly ATC calculations.
- R8.** When calculating Existing Transmission Commitments (ETCs) for firm commitments ( $ETC_F$ ) for all time periods for an ATC Path the Transmission Service Provider shall use the following algorithm: *[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*

$$ETC_F = NITS_F + GF_F + PTP_F + ROR_F + OS_F$$

**Where:**

- $NITS_F$**  is the firm capacity set aside for Network Integration Transmission Service (including the capacity used to serve bundled load within the Transmission Service Provider's area with external sources) on ATC Paths that serve as interfaces with other Balancing Authorities.
- $GF_F$**  is the firm capacity set aside for Grandfathered Firm Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or safe harbor tariff on ATC Paths that serve as interfaces with other Balancing Authorities.
- $PTP_F$**  is the firm capacity reserved for confirmed Point-to-Point Transmission Service.
- $ROR_F$**  is the capacity reserved for roll-over rights for Firm Transmission Service contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer's Transmission Service contract expires or is eligible for renewal.
- $OS_F$**  is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service, including any other firm adjustments to reflect impacts from other ATC Paths of the Transmission Service Provider as specified in the ATCID.

- R9.** When calculating ETC for non-firm commitments ( $ETC_{NF}$ ) for all time periods for an ATC Path the Transmission Service Provider shall use the following algorithm:  
*[Violation Risk Factor: TBD] [Time Horizon: Operations Planning]*

$$ETC_{NF} = NITS_{NF} + GF_{NF} + PTP_{NF} + OS_{NF}$$

**Where:**

- $NITS_{NF}$**  is the non-firm capacity set aside for Network Integration Transmission Service (i.e., secondary service, including the capacity used to serve bundled load within the Transmission Service Provider's area with external sources)

reserved on ATC Paths that serve as interfaces with other Balancing Authorities.

**GF<sub>NF</sub>** is the non-firm capacity reserved for Grandfathered Non-Firm Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or safe harbor tariff on ATC Paths that serve as interfaces with other Balancing Authorities.

**PTP<sub>NF</sub>** is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.

**OS<sub>NF</sub>** is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Non-Firm Transmission Service, including any other firm adjustments to reflect impacts from other ATC Paths of the Transmission Service Provider as specified in the ATCID.

- R10.** When calculating firm ATC for an ATC Path for a specified period, the Transmission Service Provider shall utilize the following algorithm: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ATC_F = TTC - ETC_F - CBM - TRM + Postbacks_F + counterflows_F$$

**Where:**

**ATC<sub>F</sub>** is the firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETC<sub>F</sub>** is the sum of existing firm Transmission commitments for the ATC Path during that period.

**CBM** is the Capacity Benefit Margin for the ATC Path during that period.

**TRM** is the Transmission Reliability Margin for the ATC Path during that period.

**Postbacks<sub>F</sub>** are changes to firm ATC due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>F</sub>** are adjustments to firm ATC as determined by the Transmission Service Provider and specified in the ATCID.

- R11.** When calculating non-firm ATC for a ATC Path for a specified period, the Transmission Service Provider shall use the following algorithm: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ATC_{NF} = TTC - ETC_F - ETC_{NF} - CBM_S - TRM_U + Postbacks_{NF} + counterflows_{NF}$$

**Where:**

**ATC<sub>NF</sub>** is the non-firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETC<sub>F</sub>** is the sum of existing firm Transmission commitments for the ATC Path during that period.

**ETC<sub>NF</sub>** is the sum of existing non-firm Transmission commitments for the ATC Path during that period.

**CBM<sub>S</sub>** is the Capacity Benefit Margin for the ATC Path that has been scheduled without a separate reservation during that period.

**TRM<sub>U</sub>** is the Transmission Reliability Margin for the ATC Path that has not been released for sale (unreleased) as non-firm capacity by the Transmission Service Provider during that period.

**Postbacks<sub>NF</sub>** are changes to non-firm ATC due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>NF</sub>** are adjustments to non-firm ATC as determined by the Transmission Service Provider and specified in the ATCID.

### **C. Measures**

- M1.** Each Transmission Service Provider shall provide its current ATCID that has the information described in R1 to show compliance with R1. (R1)
- M2.** Each Transmission Operator shall provide evidence including the model used to calculate TTC as well as other evidence (such as Facility Ratings provided by facility owners, written documentation, logs, and data) to show that the modeling requirements in R2 were met. (R2)
- M3.** Each Transmission Operator shall provide evidence, including scheduled outages, facility additions and retirements, (such as written documentation, logs, and data) that the data described in R3 and R4 were included in the determination of TTC as specified in the ATCID. (R3)
- M4.** Each Transmission Operator shall provide the contingencies used in determining TTC and the ATCID as evidence to show that the contingencies described in the ATCID were included in the determination of TTC. (R4)
- M5.** Each Transmission Operator shall provide copies of contracts that contain requirements to allocate TTCs and TTC values to show that any contractual allocations of TTC were respected as required in R4.2. (R4)
- M6.** Each Transmission Operator shall provide evidence (such as copies of coordination agreements, reservations, interchange transactions, or other documentation) to show that firm reservations were used to estimate scheduled interchange, the modeling of scheduled interchange was based on the rules described in R4.3, and that estimated scheduled interchange was included in the determination of TTC. (R4)
- M7.** Each Transmission Operator shall provide evidence (such as logs and data and dated copies of requests from the Transmission Service Provider to establish TTCs at specific intervals) that TTCs have been established at least once in the calendar week prior to the specified period for TTCs used in hourly and daily ATC calculations, at least once per calendar month for TTCs used in monthly ATC calculations, and within 24 hours of the unexpected outage of a 500 kV or higher transmission Facility or a autotransformer with a low-side voltage of 200 kV or higher for TTCs in effect during the anticipated

duration of the outage; provided such outage is expected to last 24 hours or longer in duration per the specifications in R5.(R5)

- M8.** Each Transmission Operator shall provide evidence (such as written documentation) that TTCs have been calculated using the process described in R6. (R6)
- M9.** Each Transmission Operator shall have evidence including a copy of the latest calculated TTC values along with a dated copy of email notices or other equivalent evidence to show that it provided its Transmission Service Provider with the most current values for TTC in accordance with R7. (R7)
- M10.** The Transmission Service Provider shall demonstrate compliance with R8 by recalculating firm ETC for any specific time period as described in (MOD-001 R2), using the algorithm defined in R8 and with data used to calculate the specified value for the designated time period. The data used must meet the requirements specified in MOD-028-1 and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R8 to calculate its firm ETC. (R8)
- M11.** The Transmission Service Provider shall demonstrate compliance with R9 by recalculating non-firm ETC for any specific time period as described in (MOD-001 R2), using the algorithm defined in R9 and with data used to calculate the specified value for the designated time period. The data used must meet the requirements specified in MOD-028-1 and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R8 to calculate its non-firm ETC. (R9)
- M12.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates firm ATCs, as required in R10. Such documentation must show that only the variables allowed in R10 were used to calculate firm ATCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R10)
- M13.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates non-firm ATCs, as required in R11. Such documentation must show that only the variables allowed in R11 were used to calculate non-firm ATCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R11)

## **D. Compliance**

**1. Compliance Monitoring Process**

**1.1. Compliance Enforcement Authority**

Regional Entity.

**1.2. Compliance Monitoring Period and Reset**

Not applicable.

**1.3. Data Retention**

The Transmission Operator and Transmission Service Provider shall keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Transmission Service Provider shall retain its current, in force ATCID and any prior versions of the ATCID that were in force since the last compliance audit to show compliance with R1.
- The Transmission Operator shall have its latest model used to calculate TTC and evidence of the previous version to show compliance with R2.
- The Transmission Operator shall retain evidence to show compliance with R3 for the most recent 12 months or until the model used to calculate TTC is updated, whichever is longer.
- The Transmission Operator shall retain evidence to show compliance with R4, R5, R6 and R7 for the most recent 12 months.
- The Transmission Service Provider shall retain evidence to show compliance in calculating hourly values required in R8 and R9 for the most recent 14 days; evidence to show compliance in calculating daily values required in R8 and R9 for the most recent 30 days; and evidence to show compliance in calculating monthly values required in R8 and R9 for the most recent 60 days.
- The Transmission Service Provider shall retain evidence to show compliance with R10 and R11 for the most recent 12 months.
- If a Transmission Service Provider or Transmission Operator is found non-compliant, it shall keep information related to the non-compliance until found compliant.
- The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

**1.4. Compliance Monitoring and Enforcement Processes:**

The following processes may be used:

- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Complaints

**1.5. Additional Compliance Information**

None.

**Standard MOD-028-1 — Area Interchange Methodology**

**2. Violation Severity Levels**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R1.	<p>The Transmission Service Provider has an ATCID but it is missing one of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ R1.3</li> <li>▪ R1.4</li> <li>▪ R1.5 (any one or more of its sub-subrequirements)</li> </ul>	<p>The Transmission Service Provider has an ATCID but it is missing two of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ R1.3</li> <li>▪ R1.4</li> <li>▪ R1.5 (any one or more of its sub-subrequirements)</li> </ul>	<p>The Transmission Service Provider has an ATCID but it is missing three of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ R1.3</li> <li>▪ R1.4</li> <li>▪ R1.5 (any one or more of its sub-subrequirements)</li> </ul>	<p>The Transmission Service Provider has an ATCID but it is missing more than three of the following:</p> <ul style="list-style-type: none"> <li>▪ R1.1</li> <li>▪ R1.2</li> <li>▪ R1.3</li> <li>▪ R1.4</li> <li>▪ R1.5 (any one or more of its sub-subrequirements)</li> </ul>
R2.	<p>The Transmission Operator used one to ten Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</p>	<p>The Transmission Operator used eleven to twenty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</p>	<p>One or both of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator used twenty-one to thirty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission Operator did not use a Transmission model that includes modeling data and topology (or equivalent representation) for one adjacent Reliability Coordinator Area.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator used more than thirty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission Operator's model includes equivalent representation of non-radial facilities greater than 161 kV for its own Reliability Coordinator Area.</li> <li>• The Transmission Operator did not use a Transmission model that includes modeling data and topology (or equivalent representation) for two or more adjacent Reliability Coordinator</li> </ul>

**Standard MOD-028-1 — Area Interchange Methodology**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
				Areas.
R3.	The Transmission Operator did not include in the TTC process one to ten expected generation and Transmission outages, additions or retirements as specified in the ATCID.	The Transmission Operator did not include in the TTC process eleven to twenty-five expected generation and Transmission outages, additions or retirements as specified in the ATCID.	The Transmission Operator did not include in the TTC process twenty-six to fifty expected generation and Transmission outages, additions or retirements as specified in the ATCID.	One or more of the following: <ul style="list-style-type: none"> <li>● The Transmission Operator did not include in the TTC process more than fifty expected generation and Transmission outages, additions or retirements as specified in the ATCID.</li> <li>● The Transmission Operator did not include the Load forecast or unit commitment in its TTC calculation as described in R3.</li> </ul>
R4.	The Transmission Operator did not model reservations' sources or sinks as described in R5.3 for more than zero reservations, but not more than 5% of all reservations; or 1 reservation, whichever is greater.	The Transmission Operator did not model reservations' sources or sinks as described in R5.3 for more than 5%, but not more than 10% of all reservations; or 2 reservations, whichever is greater.	The Transmission Operator did not model reservations' sources or sinks as described in R5.3 for more than 10%, but not more than 15% of all reservations; or 3 reservations, whichever is greater.	One or more of the following: <ul style="list-style-type: none"> <li>● The Transmission Operator did not include in the TTC calculation the contingencies that met the criteria described in the ATCID.</li> <li>● The Transmission Operator did not respect contractual allocations of TTC.</li> <li>● The Transmission Operator did not model reservations' sources or sinks as described in R4.3 for more than 15% of all reservations; or more than 3 reservations, whichever is greater.</li> <li>● The Transmission Operator did not use firm reservations to estimate interchange or did not</li> </ul>

**Standard MOD-028-1 — Area Interchange Methodology**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
				utilize that estimate in the TTC calculation as described in R4.3.
R5.	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator did not establish TTCs for use in hourly or daily ATCs within 7 calendar days but did establish the values within 10 calendar days</li> <li>The Transmission Operator did not establish TTCs for use in monthly ATCs during a calendar month but did establish the values within the next consecutive calendar month</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator did not establish TTCs for use in hourly or daily ATCs in 10 calendar days but did establish the values within 13 calendar days</li> <li>The Transmission Operator did not establish TTCs for use in monthly ATCs during a two consecutive calendar month period but did establish the values within the third consecutive calendar month</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator did not establish TTCs for used in hourly or daily ATCs in 13 calendar days but did establish the values within 16 calendar days</li> <li>The Transmission Operator did not establish TTCs for use in monthly ATCs during a three consecutive calendar month period but did establish the values within the fourth consecutive calendar month</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator did not establish TTCs for used in hourly or daily ATCs in 16 calendar days</li> <li>The Transmission Operator did not establish TTCs for use in monthly ATCs during a four or more consecutive calendar month period</li> <li>The Transmission Operator did not establish TTCs within 24 hrs of the triggers defined in R5.3</li> </ul>
R6.	N/A	N/A	N/A	The Transmission Operator did not calculate TTCs per the process specified in R6.
R7.	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator provided its Transmission Service Provider with its ATC Path TTCs used in hourly or daily ATC calculations more than one calendar day after their determination, but not been more than two calendar days after their determination.</li> <li>The Transmission Operator</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator provided its Transmission Service Provider with its ATC Path TTCs used in hourly or daily ATC calculations more than two calendar days after their determination, but not been more than three calendar days after their determination.</li> <li>The Transmission Operator</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator provided its Transmission Service Provider with its ATC Path TTCs used in hourly or daily ATC calculations more than three calendar days after their determination, but not been more than four calendar days after their determination.</li> <li>The Transmission Operator</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>The Transmission Operator provided its Transmission Service Provider with its ATC Path TTCs used in hourly or daily ATC calculations more than four calendar days after their determination.</li> <li>The Transmission Operator did not provide its Transmission Service Provider with its ATC Path TTCs used in hourly or</li> </ul>

**Standard MOD-028-1 — Area Interchange Methodology**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	has not provided its Transmission Service Provider with its ATC Path TTCs used in monthly ATC calculations more than seven calendar days after their determination, but not more than 14 calendar days since their determination.	has not provided its Transmission Service Provider with its ATC Path TTCs used in monthly ATC calculations more than 14 calendar days after their determination, but not been more than 21 calendar days after their determination.	has not provided its Transmission Service Provider with its ATC Path TTCs used in monthly ATC calculations more than 21 calendar days after their determination, but not been more than 28 calendar days after their determination.	<p>daily ATC calculations.</p> <ul style="list-style-type: none"> <li>• The Transmission Operator provided its Transmission Service Provider with its ATC Path TTCs used in monthly ATC calculations more than 28 calendar days after their determination.</li> <li>• The Transmission Operator did not provide its Transmission Service Provider with its ATC Path TTCs used in monthly ATC calculations.</li> </ul>
R8.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or 25MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or 35MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.
R9.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.

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<b>R #</b>	<b>Lower VSL</b>	<b>Moderate VSL</b>	<b>High VSL</b>	<b>Severe VSL</b>
	more than 25% of the value calculated in the measure or 25MW, whichever is greater.	more than 35% of the value calculated in the measure or 35MW, whichever is greater...	more than 45% of the value calculated in the measure or 45MW, whichever is greater.	
R10.	The Transmission Service Provider did not use all the elements defined in R10 when determining firm ATC, or used additional elements, for more than zero ATC Paths, but not more than 5% of all ATC Paths or 1 ATC Path (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R10 when determining firm ATC, or used additional elements, for more than 5% of all ATC Paths or 1 ATC Path (whichever is greater), but not more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R10 when determining firm ATC, or used additional elements, for more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater), but not more than 15% of all ATC Paths or 3 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R10 when determining firm ATC, or used additional elements, for more than 15% of all ATC Paths or more than 3 ATC Paths (whichever is greater).
R11.	The Transmission Service Provider did not use all the elements defined in R11 when determining non-firm ATC, or used additional elements, for more than zero ATC Paths, but not more than 5% of all ATC Paths or 1 ATC Path (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R11 when determining non-firm ATC, or used additional elements, for more than 5% of all ATC Paths or 1 ATC Path (whichever is greater), but not more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R11 when determining non-firm ATC, or used additional elements, for more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater), but not more than 15% of all ATC Paths or 3 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R11 when determining non-firm ATC, or used additional elements, for more than 15% of all ATC Paths or more than 3 ATC Paths (whichever is greater).

**Standard Development Roadmap**

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

**Development Steps Completed:**

1. SAC authorized posting TTC/ATC/AFC SAR development June 20, 2005.
2. SAC authorized the SAR to be developed as a standard on February 14, 2006.
3. SC appointed a Standard Drafting Team on March 17, 2006.
4. SDT posted first draft for comment from May 25–June 25, 2007.
5. SDT posted second draft for comment from October 31–December 14, 2007.
6. SC conducted an Initial Ballot of the standard from March 3–12, 2008.

**Description of Current Draft:**

This is the fourth draft of the proposed standard posted for stakeholder comments. This draft includes consideration of stakeholder comments and applicable FERC directives from FERC Order 693, Order 890, and Order 890-A.

**Future Development Plan:**

<b>Anticipated Actions</b>	<b>Anticipated Date</b>
1. Posting for 30-day industry comment.	April 16, 2008
2. Respond to Comments.	June 20, 2008
3. Posting for 30-day Pre-Ballot Review.	June 21, 2008
4. Initial Ballot.	July 21, 2008
5. Respond to comments.	August 20, 2008
6. Recirculation ballot.	August 21, 2008
7. 30 Day posting before board adoption.	June 21, 2008
8. Board adopts MOD-001-1.	September 1, 2008

**Definitions of Terms Used in Standard**

*This section includes all newly defined or revised terms used in the proposed standard. Terms already defined in the Reliability Standards Glossary of Terms are not repeated here. New or revised definitions listed below become approved when the proposed standard is approved. When the standard becomes effective, these defined terms will be removed from the individual standard and added to the Glossary.*

**Rated System Path Methodology:** The Rated System Path Methodology is characterized by an initial Total Transfer Capability (TTC), determined via simulation. Capacity Benefit Margin, Transmission Reliability Margin, and Existing Transmission Commitments are subtracted from TTC, and Postbacks and counterflows are added as applicable, to derive Available Transfer Capability. Under the Rated System Path Methodology, TTC results are generally reported as specific transmission path capabilities.

**A. Introduction**

- 1. Title:** Rated System Path Methodology
- 2. Number:** MOD-029-1
- 3. Purpose:** To increase consistency and reliability in the development and documentation of transfer capability calculations for short-term use performed by entities using the Rated System Path Methodology to support analysis and system operations.
- 4. Applicability:**
  - 4.1.** Each Transmission Operator that uses the Rated System Path Methodology to calculate Total Transfer Capabilities (TTCs) for ATC Paths.
  - 4.2.** Each Transmission Service Provider that uses the Rated System Path Methodology to calculate Available Transfer Capabilities (ATCs) for ATC Paths.
- 5. Proposed Effective Date:** First day of the first calendar quarter that is twelve months beyond the date that all four standards (MOD-001-1, MOD-028-1, MOD-029-1, and MOD-030-1) are approved by all applicable regulatory authorities.

**B. Requirements**

- R1.** When calculating TTCs for ATC Paths, the Transmission Operator shall use a Transmission model which satisfies the following requirements: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R1.1.** The model utilizes data and assumptions consistent with the time period being studied and that meets the following criteria:
    - R1.1.1.** Includes at least:
      - R1.1.1.1.** The Transmission Operator area. Equivalent representation of radial lines and facilities 161kV or below is allowed.
      - R1.1.1.2.** All Transmission Operator areas contiguous with its own Transmission Operator area. (Equivalent representation is allowed.)
      - R1.1.1.3.** Any other Transmission Operator area linked to the Transmission Operator's area by joint operating agreement. (Equivalent representation is allowed.)
    - R1.1.2.** Models all system Elements as in-service for the assumed initial conditions.
    - R1.1.3.** Models all generation (may be either a single generator or multiple generators) that is greater than 20 MVA at the point of interconnection in the studied area.
    - R1.1.4.** Models phase shifters in non-regulating mode, unless otherwise specified in the Available Transfer Capability Implementation Document (ATCID).
    - R1.1.5.** Uses Load forecast by Balancing Authority.
    - R1.1.6.** Uses Transmission Facility additions and retirements.
    - R1.1.7.** Uses Generation Facility additions and retirements.
    - R1.1.8.** Uses Special Protection System (SPS) models where currently existing or projected for implementation within the studied time horizon.



- R2.8.** Create a study report that describes the steps above that were undertaken (R2.1 – R2.7), including the contingencies and assumptions used, when determining the TTC and the results of the study. Where three phase fault damping is used to determine stability limits, that report shall also identify the percent used and include justification for use unless specified otherwise in the ATCID.
- R3.** Each Transmission Operator shall establish the TTC at the lesser of the value calculated in R2 or any System Operating Limit (SOL) for that ATC Path. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R4.** Within seven calendar days of the finalization of the study report, the Transmission Operator shall make available to the Transmission Service Provider of the ATC Path, the most current value for TTC and the TTC study report documenting the assumptions used and steps taken in determining the current value for TTC for that ATC Path. [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]
- R5.** When calculating ETC for firm Existing Transmission Commitments (ETC<sub>F</sub>) for a specified period for an ATC Path, the Transmission Service Provider shall use the algorithm below: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ETC_F = NL_F + NITS_F + GF_F + PTP_F + ROR_F + OS_F$$

**Where:**

**NL<sub>F</sub>** is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**NITS<sub>F</sub>** is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GF<sub>F</sub>** is the firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider’s Open Access Transmission Tariff or “safe harbor tariff.”

**PTP<sub>F</sub>** is the firm capacity reserved for confirmed Point-to-Point Transmission Service.

**ROR<sub>F</sub>** is the firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer’s Transmission Service contract expires or is eligible for renewal.

**OS<sub>F</sub>** is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.

- R6.** When calculating ETC for non-firm Existing Transmission Commitments (ETC<sub>NF</sub>) for all time horizons for an ATC Path the Transmission Service Provider shall use the following algorithm: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ETC_{NF} = NITS_{NF} + GF_{NF} + PTP_{NF} + OS_{NF}$$

**Where:**

**NITS<sub>NF</sub>** is the non-firm capacity set aside for Network Integration Transmission Service serving Load (i.e., secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

**GF<sub>NF</sub>** is the non-firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective

date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

**PTP<sub>NF</sub>** is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.

**OS<sub>NF</sub>** is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using non-firm transmission service as specified in the ATCID.

- R7.** When calculating firm ATC for an ATC Path for a specified period, the Transmission Service Provider shall use the following algorithm: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ATC_F = TTC - ETC_F - CBM - TRM + Postbacks_F + counterflows_F$$

**Where**

**ATC<sub>F</sub>** is the firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETC<sub>F</sub>** is the sum of existing firm commitments for the ATC Path during that period.

**CBM** is the Capacity Benefit Margin for the ATC Path during that period.

**TRM** is the Transmission Reliability Margin for the ATC Path during that period.

**Postbacks<sub>F</sub>** are changes to firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>F</sub>** are adjustments to firm Available Transfer Capability as determined by the Transmission Service Provider and specified in their ATCID.

- R8.** When calculating non-firm ATC for an ATC Path for a specified period, the Transmission Service Provider shall use the following algorithm: [*Violation Risk Factor: TBD*] [*Time Horizon: Operations Planning*]

$$ATC_{NF} = TTC - ETC_F - ETC_{NF} - CBM_S - TRM_U + Postbacks_{NF} + counterflows_{NF}$$

**Where:**

**ATC<sub>NF</sub>** is the non-firm Available Transfer Capability for the ATC Path for that period.

**TTC** is the Total Transfer Capability of the ATC Path for that period.

**ETC<sub>F</sub>** is the sum of existing firm commitments for the ATC Path during that period.

**ETC<sub>NF</sub>** is the sum of existing non-firm commitments for the ATC Path during that period.

**CBM<sub>S</sub>** is the Capacity Benefit Margin for the ATC Path that has been scheduled during that period.

**TRM<sub>U</sub>** is the Transmission Reliability Margin for the ATC Path that has not been released for sale (unreleased) as non-firm capacity by the Transmission Service Provider during that period.

**Postbacks<sub>NF</sub>** are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>NF</sub>** are adjustments to non-firm Available Transfer Capability as determined by the Transmission Service Provider and specified in its ATCID.

**C. Measures**

- M1.** Each Transmission Operator that uses the Rated System Path Methodology shall produce any Transmission model it used to calculate TTC for purposes of calculating ATC for each ATC Path, as required in R1, for the time horizon(s) to be examined. (R1)
- M1.1.** Production shall be in the same form and format used by the Transmission Operator to calculate the TTC, as required in R1. (R1)
- M1.2.** The Transmission model produced must include the areas listed in R1.1.1 (or an equivalent representation, as described in the requirement) (R1.1)
- M1.3.** The Transmission model produced must show the use of the modeling parameters stated in R1.1.2 through R1.1.10; except that, no evidence shall be required to prove: 1) utilization of a Special Protection System where none was included in the model or 2) that no additions or retirements to the generation or Transmission system occurred. (R1.1.2 through R1.1.10)
- M1.4.** The Transmission Operator must provide evidence that the models used to determine TTC included Facility Ratings as provided by the Transmission Owner and Generator Owner. (R1.2)
- M2.** Each Transmission Operator that uses the Rated System Path Methodology shall produce the ATCID it uses to show where it has described and used additional modeling criteria in its ACTID that are not otherwise included in MOD-29 (R1.1.4, R.1.1.9, and R1.1.10).
- M3.** Each Transmission Operator that uses the Rated System Path Methodology with paths with ratings established prior to January 1, 1994 shall provide evidence the path and its rating were established prior to January 1, 1994. (R2.7)
- M4.** Each Transmission Operator that uses the Rated System Path Methodology shall produce as evidence the study reports, as required in R.2.8, for each path for which it determined TTC for the period examined. (R2)
- M5.** Each Transmission Operator shall provide evidence that it used the lesser of the calculated TTC or the SOL as the TTC, by producing: 1) all values calculated pursuant to R2 for each ATC Path, 2) Any corresponding SOLs for those ATC Paths, and 3) the TTC set by the Transmission Operator and given to the Transmission Service Provider for use in R7 and R8 for each ATC Path. (R3)
- M6.** Each Transmission Operator shall provide evidence (such as logs or data) that it provided the TTC and its study report to the Transmission Service Provider within seven calendar days of the finalization of the study report. (R4)
- M7.** The Transmission Service Provider shall demonstrate compliance with R5 by recalculating firm ETC for any specific time period as described in (MOD-001 R2), using the algorithm defined in R5 and with data used to calculate the specified value for the designated time period. The data used must meet the requirements specified in MOD-029-1 and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R5 to calculate its firm ETC. (R5)
- M8.** The Transmission Service Provider shall demonstrate compliance with R5 by recalculating non-firm ETC for any specific time period as described in (MOD-001 R2), using the algorithm defined in R6 and with data used to calculate this specified value for the designated time period. The data used must meet the requirements specified in the MOD-029 and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15

MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R6 to calculate its non-firm ETC. (R6)

- M9.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates firm ATCs, as required in R7. Such documentation must show that only the variables allowed in R7 were used to calculate firm ATCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R7)
- M10.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates non-firm ATCs, as required in R8. Such documentation must show that only the variables allowed in R8 were used to calculate non-firm ATCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R8)

## **D. Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Enforcement Authority**

Regional Entity.

#### **1.2. Compliance Monitoring Period and Reset Time Frame**

Not applicable.

#### **1.3. Data Retention**

The Transmission Operator and Transmission Service Provider shall keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Transmission Operator shall have its latest models used to determine TTC for R1. (M1)
- The Transmission Operator shall have the current, in force ATCID(s) provided by its Transmission Service Provider(s) and any prior versions of the ATCID that were in force since the last compliance audit to show compliance with R1. (M2)
- The Transmission Operator shall retain evidence of any path and its rating that was established prior to January 1, 1994. (M3)
- The Transmission Operator shall retain the latest version and prior version of the TTC study reports to show compliance with R2. (M4)
- The Transmission Operator shall retain evidence for the most recent three calendar years plus the current year to show compliance with R3 and R4. (M5 and M6)
- The Transmission Service Provider shall retain evidence to show compliance in calculating hourly values required in R5 and R6 for the most recent 14 days; evidence to show compliance in calculating daily values required in R5 and R6 for the most recent 30

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days; and evidence to show compliance in calculating daily values required in R5 and R6 for the most recent sixty days. (M7 and M8)

- The Transmission Service Provider shall retain evidence for the most recent three calendar years plus the current year to show compliance with R7 and R8. (M9 and M10)
- If a Transmission Service Provider or Transmission Operator is found non-compliant, it shall keep information related to the non-compliance until found compliant.

The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

### **1.4. Compliance Monitoring and Enforcement Processes:**

The following processes may be used:

- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Complaints

### **1.5. Additional Compliance Information**

None.

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**2. Violation Severity Levels**

<b>R #</b>	<b>Lower VSL</b>	<b>Moderate VSL</b>	<b>High VSL</b>	<b>Severe VSL</b>
R1.	<p>The Transmission Operator used a model that met all but one of the modeling requirements specified in R1.1.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator utilized one to ten Facility Ratings that were different from those specified by a Transmission Owner or Generation Owner in their Transmission model. (R1.2)</p>	<p>The Transmission Operator used a model that met all but two of the modeling requirements specified in R1.1.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator utilized eleven to twenty Facility Ratings that were different from those specified by a Transmission Owner or Generation Owner in their Transmission model. (R1.2)</p>	<p>The Transmission Operator used a model that met all but three of the modeling requirements specified in R1.1.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator utilized twenty-one to thirty Facility Ratings that were different from those specified by a Transmission Owner or Generation Owner in their Transmission model. (R1.2)</p>	<p>The Transmission Operator used a model that did not meet four or more of the modeling requirements specified in R1.1.</p> <p style="text-align: center;"><b>OR</b></p> <p>The Transmission Operator utilized more than thirty Facility Ratings that were different from those specified by a Transmission Owner or Generation Owner in their Transmission model. (R1.2)</p>
R2	<p>One or both of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator did not calculate TTC using one of the items in sub-requirements R2.1-R2.6.</li> <li>• The Transmission Operator does not include one required item in the study report required in R2.8.</li> </ul>	<p>One or both of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator did not calculate TTC using two of the items in sub-requirements R2.1-R2.6.</li> <li>• The Transmission Operator does not include two required items in the study report required in R2.8.</li> </ul>	<p>One or both of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator did not calculate TTC using three of the items in sub-requirements R2.1-R2.6.</li> <li>• The Transmission Operator does not include three required items in the study report required in R2.8.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator did not calculate TTC using four or more of the items in sub-requirements R2.1-R2.6.</li> <li>• The Transmission Operator did not apply R2.7.</li> <li>• The Transmission Operator does not include four or more required items in the study report required in R2.8</li> </ul>

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<b>R #</b>	<b>Lower VSL</b>	<b>Moderate VSL</b>	<b>High VSL</b>	<b>Severe VSL</b>
R3.	The Transmission Operator did not specify the TTC as the lesser of the TTC calculated using the process described in R2 or any associated SOL for more than zero ATC Paths, BUT, not more than 1% of all ATC Paths or 1 ATC Path (whichever is greater).	The Transmission Operator did not specify the TTC as the lesser of the TTC calculated using the process described in R2 or any associated SOL for more than 1% of all ATC Paths or 1 ATC Path (whichever is greater), BUT not more than 2% of all ATC Paths or 2 ATC Paths (whichever is greater).	The Transmission Operator did not specify the TTC as the lesser of the TTC calculated using the process described in R2 or any associated SOL for more than 2% of all ATC Paths or 2 ATC Paths (whichever is greater), BUT not more than 5% of all ATC Paths or 3 ATC Paths (whichever is greater).	The Transmission Operator did not specify the TTC as the lesser of the TTC calculated using the process described in R2 or any associated SOL, for more than 5% of all ATC Paths or 3 ATC Paths (whichever is greater).
R4.	The Transmission Operator provided the TTC and study report to the Transmission Service Provider more than seven, but not more than 14 calendar days after the report was finalized.	The Transmission Operator provided the TTC and study report to the Transmission Service Provider more than 14, but not more than 21 calendar days after the report was finalized.	The Transmission Operator provided the TTC and study report to the Transmission Service Provider more than 21, but not more than 28 calendar days after the report was finalized.	The Transmission Operator provided the TTC and study report to the Transmission Service Provider more than 28 calendar days after the report was finalized.
R5.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or 25MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or 35MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.
R6.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 for the same period, and the absolute	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 for the same period, and the absolute	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 for the same period, and the absolute	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 for the same period, and the

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<b>R #</b>	<b>Lower VSL</b>	<b>Moderate VSL</b>	<b>High VSL</b>	<b>Severe VSL</b>
	value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or 25MW, whichever is greater.	value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or 35MW, whichever is greater.	value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.	absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.
R7.	The Transmission Service Provider did not use all the elements defined in R7 when determining firm ATC, or used additional elements, for more than zero ATC Paths, but not more than 5% of all ATC Paths or 1 ATC Path (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R7 when determining firm ATC, or used additional elements, for more than 5% of all ATC Paths or 1 ATC Path (whichever is greater), but not more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R7 when determining firm ATC, or used additional elements, for more than 10% of all ATC Paths (whichever is greater), but not more than 15% of all ATC Paths or 3 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R7 when determining firm ATC, or used additional elements, for more than 15% of all ATC Paths or more than 3 ATC Paths (whichever is greater).
R8.	The Transmission Service Provider did not use all the elements defined in R8 when determining non-firm ATC, or used additional elements, for more than zero ATC Paths, but not more than 5% of all ATC Paths or 1 ATC Path (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining non-firm ATC, or used additional elements, for more than 5% of all ATC Paths or 1 ATC Path (whichever is greater), but not more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining non-firm ATC, or used additional elements, for more than 10% of all ATC Paths or 2 ATC Paths (whichever is greater), but not more than 15% of all ATC Paths or 3 ATC Paths (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining non-firm ATC, or used additional elements, for more than 15% of all ATC Paths or more than 3 ATC Paths (whichever is greater).

**A. Introduction**

1. **Title:** Flowgate Methodology
2. **Number:** MOD-030-02
3. **Purpose:** To increase consistency and reliability in the development and documentation of transfer capability calculations for short-term use performed by entities using the Flowgate Methodology to support analysis and system operations.
4. **Applicability:**
  - 4.1.1 Each Transmission Operator that uses the Flowgate Methodology to support the calculation of Available Flowgate Capabilities (AFCs) on Flowgates.
  - 4.1.2 Each Transmission Service Provider that uses the Flowgate Methodology to calculate AFCs on Flowgates.
5. **Proposed Effective Date:** The date upon which MOD-030-01 is currently scheduled to become effective.

**B. Requirements**

- R1. The Transmission Service Provider shall include in its “Available Transfer Capability Implementation Document” (ATCID): [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]
  - R1.1. The criteria used by the Transmission Operator to identify sets of Transmission Facilities as Flowgates that are to be considered in Available Flowgate Capability (AFC) calculations.
  - R1.2. The following information on how source and sink for transmission service is accounted for in AFC calculations including:
    - R1.2.1. Define if the source used for AFC calculations is obtained from the source field or the Point of Receipt (POR) field of the transmission reservation.
    - R1.2.2. Define if the sink used for AFC calculations is obtained from the sink field or the Point of Delivery (POD) field of the transmission reservation.
    - R1.2.3. The source/sink or POR/POD identification and mapping to the model.
    - R1.2.4. If the Transmission Service Provider’s AFC calculation process involves a grouping of generators, the ATCID must identify how these generators participate in the group.
- R2. The Transmission Operator shall perform the following: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]
  - R2.1. Include Flowgates used in the AFC process based, at a minimum, on the following criteria:
    - R2.1.1. Results of a first Contingency transfer analysis for ATC Paths internal to a Transmission Operator’s system up to the path capability such that at a minimum the first three limiting Elements and their worst associated Contingency combinations with an OTDF of at least 5% and within the Transmission Operator’s system are included as Flowgates.
      - R2.1.1.1. Use first Contingency criteria consistent with those first Contingency criteria used in planning of operations for the

applicable time periods, including use of Special Protection Systems.

**R2.1.1.2.** Only the most limiting element in a series configuration needs to be included as a Flowgate.

**R2.1.1.3.** If any limiting element is kept within its limit for its associated worst Contingency by operating within the limits of another Flowgate, then no new Flowgate needs to be established for such limiting elements or Contingencies.

**R2.1.2.** Results of a first Contingency transfer analysis from all adjacent Balancing Authority source and sink (as defined in the ATCID) combinations up to the path capability such that at a minimum the first three limiting Elements and their worst associated Contingency combinations with an Outage Transfer Distribution Factor (OTDF) of at least 5% and within the Transmission Operator's system are included as Flowgates unless the interface between such adjacent Balancing Authorities is accounted for using another ATC methodology.

**R2.1.2.1.** Use first Contingency criteria consistent with those first Contingency criteria used in planning of operations for the applicable time periods, including use of Special Protection Systems.

**R2.1.2.2.** Only the most limiting element in a series configuration needs to be included as a Flowgate.

**R2.1.2.3.** If any limiting element is kept within its limit for its associated worst Contingency by operating within the limits of another Flowgate, then no new Flowgate needs to be established for such limiting elements or Contingencies.

**R2.1.3.** Any limiting Element/Contingency combination at least within its Reliability Coordinator's Area that has been subjected to an Interconnection-wide congestion management procedure within the last 12 months, unless the limiting Element/Contingency combination is accounted for using another ATC methodology or was created to address temporary operating conditions.

**R2.1.4.** Any limiting Element/Contingency combination within the Transmission model that has been requested to be included by any other Transmission Service Provider using the Flowgate Methodology or Area Interchange Methodology, where:

**R2.1.4.1.** The coordination of the limiting Element/Contingency combination is not already addressed through a different methodology, and

- Any generator within the Transmission Service Provider's area has at least a 5% Power Transfer Distribution Factor (PTDF) or Outage Transfer Distribution Factor (OTDF) impact on the Flowgate when delivered to the aggregate load of its own area, or
- A transfer from any Balancing Area within the Transmission Service Provider's area to a Balancing Area

adjacent has at least a 5% PTDF or OTDF impact on the Flowgate.

- The Transmission Operator may utilize distribution factors less than 5% if desired.

**R2.1.4.2.** The limiting Element/Contingency combination is included in the requesting Transmission Service Provider's methodology.

- R2.2.** At a minimum, establish a list of Flowgates by creating, modifying, or deleting Flowgate definitions at least once per calendar year.
- R2.3.** At a minimum, establish a list of Flowgates by creating, modifying, or deleting Flowgates that have been requested as part of R2.1.4 within thirty calendar days from the request.
- R2.4.** Establish the TFC of each of the defined Flowgates as equal to:
- For thermal limits, the System Operating Limit (SOL) of the Flowgate.
  - For voltage or stability limits, the flow that will respect the SOL of the Flowgate.
- R2.5.** At a minimum, establish the TFC once per calendar year.
- R2.5.1.** If notified of a change in the Rating by the Transmission Owner that would affect the TFC of a flowgate used in the AFC process, the TFC should be updated within seven calendar days of the notification.
- R2.6.** Provide the Transmission Service Provider with the TFCs within seven calendar days of their establishment.

**R3.** The Transmission Operator shall make available to the Transmission Service Provider a Transmission model to determine Available Flowgate Capability (AFC) that meets the following criteria: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

- R3.1.** Contains generation Facility Ratings, such as generation maximum and minimum output levels, specified by the Generator Owners of the Facilities within the model.
- R3.2.** Updated at least once per day for AFC calculations for intra-day, next day, and days two through 30.
- R3.3.** Updated at least once per month for AFC calculations for months two through 13.
- R3.4.** Contains modeling data and system topology for the Facilities within its Reliability Coordinator's Area. Equivalent representation of radial lines and Facilities 161kV or below is allowed.
- R3.5.** Contains modeling data and system topology (or equivalent representation) for immediately adjacent and beyond Reliability Coordination Areas.

**R4.** When calculating AFCs, the Transmission Service Provider shall represent the impact of Transmission Service as follows: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

- If the source, as specified in the ATCID, has been identified in the reservation and it is discretely modeled in the Transmission Service Provider's Transmission model, use the discretely modeled point as the source.
- If the source, as specified in the ATCID, has been identified in the reservation and the point can be mapped to an "equivalence" or "aggregate" representation in the

- Transmission Service Provider's Transmission model, use the modeled equivalence or aggregate as the source.
- If the source, as specified in the ATCID, has been identified in the reservation and the point cannot be mapped to a discretely modeled point or an "equivalence" representation in the Transmission Service Provider's Transmission model, use the immediately adjacent Balancing Authority associated with the Transmission Service Provider from which the power is to be received as the source.
  - If the source, as specified in the ATCID, has not been identified in the reservation use the immediately adjacent Balancing Authority associated with the Transmission Service Provider from which the power is to be received as the source.
  - If the sink, as specified in the ATCID, has been identified in the reservation and it is discretely modeled in the Transmission Service Provider's Transmission model, use the discretely modeled point as the sink.
  - If the sink, as specified in the ATCID, has been identified in the reservation and the point can be mapped to an "equivalence" or "aggregate" representation in the Transmission Service Provider's Transmission model, use the modeled equivalence or aggregate as the sink.
  - If the sink, as specified in the ATCID, has been identified in the reservation and the point cannot be mapped to a discretely modeled point or an "equivalence" representation in the Transmission Service Provider's Transmission model, use the immediately adjacent Balancing Authority associated with the Transmission Service Provider receiving the power as the sink.
  - If the sink, as specified in the ATCID, has not been identified in the reservation use the immediately adjacent Balancing Authority associated with the Transmission Service Provider receiving the power as the sink.
- R5.** When calculating AFCs, the Transmission Service Provider shall: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]
- R5.1.** Use the models provided by the Transmission Operator.
  - R5.2.** Include in the transmission model expected generation and Transmission outages, additions, and retirements within the scope of the model as specified in the ATCID and in effect during the applicable period of the AFC calculation for the Transmission Service Provider's area, all adjacent Transmission Service Providers, and any Transmission Service Providers with which coordination agreements have been executed.
  - R5.3.** For external Flowgates, identified in R2.1.4, use the AFC provided by the Transmission Service Provider that calculates AFC for that Flowgate.
- R6.** When calculating the impact of ETC for firm commitments (ETC<sub>Fi</sub>) for all time periods for a Flowgate, the Transmission Service Provider shall sum the following: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]
- R6.1.** The impact of firm Network Integration Transmission Service, including the impacts of generation to load, in the model referenced in R5.2 for the Transmission Service Provider's area, based on:
    - R6.1.1.** Load forecast for the time period being calculated, including Native Load and Network Service load

- R6.1.2.** Unit commitment and Dispatch Order, to include all designated network resources and other resources that are committed or have the legal obligation to run as specified in the Transmission Service Provider's ATCID.
  - R6.2.** The impact of any firm Network Integration Transmission Service, including the impacts of generation to load in the model referenced in R5.2 and has a distribution factor equal to or greater than the percentage<sup>1</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed based on:
    - R6.2.1.** Load forecast for the time period being calculated, including Native Load and Network Service load
    - R6.2.2.** Unit commitment and Dispatch Order, to include all designated network resources and other resources that are committed or have the legal obligation to run as specified in the Transmission Service Provider's ATCID.
  - R6.3.** The impact of all confirmed firm Point-to-Point Transmission Service expected to be scheduled, including roll-over rights for Firm Transmission Service contracts, for the Transmission Service Provider's area.
  - R6.4.** The impact of any confirmed firm Point-to-Point Transmission Service expected to be scheduled, filtered to reduce or eliminate duplicate impacts from transactions using Transmission service from multiple Transmission Service Providers, including roll-over rights for Firm Transmission Service contracts having a distribution factor equal to or greater than the percentage<sup>2</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed.
  - R6.5.** The impact of any Grandfathered firm obligations expected to be scheduled or expected to flow for the Transmission Service Provider's area.
  - R6.6.** The impact of any Grandfathered firm obligations expected to be scheduled or expected to flow that have a distribution factor equal to or greater than the percentage<sup>3</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed.
  - R6.7.** The impact of other firm services determined by the Transmission Service Provider.
- R7.** When calculating the impact of ETC for non-firm commitments (ETC<sub>NFI</sub>) for all time periods for a Flowgate the Transmission Service Provider shall sum: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

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<sup>1</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

<sup>2</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

<sup>3</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

- R7.1.** The impact of all confirmed non-firm Point-to-Point Transmission Service expected to be scheduled for the Transmission Service Provider's area.
- R7.2.** The impact of any confirmed non-firm Point-to-Point Transmission Service expected to be scheduled, filtered to reduce or eliminate duplicate impacts from transactions using Transmission service from multiple Transmission Service Providers, that have a distribution factor equal to or greater than the percentage<sup>4</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed.
- R7.3.** The impact of any Grandfathered non-firm obligations expected to be scheduled or expected to flow for the Transmission Service Provider's area.
- R7.4.** The impact of any Grandfathered non-firm obligations expected to be scheduled or expected to flow that have a distribution factor equal to or greater than the percentage<sup>5</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed.
- R7.5.** The impact of non-firm Network Integration Transmission Service serving Load within the Transmission Service Provider's area (i.e., secondary service), to include load growth, and losses not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.
- R7.6.** The impact of any non-firm Network Integration Transmission Service (secondary service) with a distribution factor equal to or greater than the percentage<sup>6</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider, filtered to reduce or eliminate duplicate impacts from transactions using Transmission service from multiple Transmission Service Providers, for all adjacent Transmission Service Providers and any other Transmission Service Providers with which coordination agreements have been executed.
- R7.7.** The impact of other non-firm services determined by the Transmission Service Provider.
- R8.** When calculating firm AFC for a Flowgate for a specified period, the Transmission Service Provider shall use the following algorithm (subject to allocation processes described in the ATCID): [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

$$AFC_F = TFC - ETC_{Fi} - CBM_i - TRM_i + Postbacks_{Fi} + counterflows_{Fi}$$

**Where:**

**AFC<sub>F</sub>** is the firm Available Flowgate Capability for the Flowgate for that period.

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<sup>4</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

<sup>5</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

<sup>6</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

**TFC** is the Total Flowgate Capability of the Flowgate.

**ETC<sub>Fi</sub>** is the sum of the impacts of existing firm Transmission commitments for the Flowgate during that period.

**CBM<sub>i</sub>** is the impact of the Capacity Benefit Margin on the Flowgate during that period.

**TRM<sub>i</sub>** is the impact of the Transmission Reliability Margin on the Flowgate during that period.

**Postbacks<sub>Fi</sub>** are changes to firm AFC due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>Fi</sub>** are adjustments to firm AFC as determined by the Transmission Service Provider and specified in their ATCID.

- R9.** When calculating non-firm AFC for a Flowgate for a specified period, the Transmission Service Provider shall use the following algorithm (subject to allocation processes described in the ATCID): [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

$$AFC_{NF} = TFC - ETC_{Fi} - ETC_{NFi} - CBM_{Si} - TRM_{Ui} + Postbacks_{NFi} + counterflows$$

**Where:**

**AFC<sub>NF</sub>** is the non-firm Available Flowgate Capability for the Flowgate for that period.

**TFC** is the Total Flowgate Capability of the Flowgate.

**ETC<sub>Fi</sub>** is the sum of the impacts of existing firm Transmission commitments for the Flowgate during that period.

**ETC<sub>NFi</sub>** is the sum of the impacts of existing non-firm Transmission commitments for the Flowgate during that period.

**CBM<sub>Si</sub>** is the impact of any schedules during that period using Capacity Benefit Margin.

**TRM<sub>Ui</sub>** is the impact on the Flowgate of the Transmission Reliability Margin that has not been released (unreleased) for sale as non-firm capacity by the Transmission Service Provider during that period.

**Postbacks<sub>NF</sub>** are changes to non-firm Available Flowgate Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

**counterflows<sub>NF</sub>** are adjustments to non-firm AFC as determined by the Transmission Service Provider and specified in their ATCID.

- R10.** Each Transmission Service Provider shall recalculate AFC, utilizing the updated models described in R3.2, R3.3, and R5, at a minimum on the following frequency, unless none of the calculated values identified in the AFC equation have changed: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

**R10.1.** For hourly AFC, once per hour. Transmission Service Providers are allowed up to 175 hours per calendar year during which calculations are not required to be performed, despite a change in a calculated value identified in the AFC equation.

**R10.2.** For daily AFC, once per day.

**R10.3.** For monthly AFC, once per week.

- R11.** When converting Flowgate AFCs to ATCs for ATC Paths, the Transmission Service Provider shall convert those values based on the following algorithm: [*Violation Risk Factor: To Be Determined*] [*Time Horizon: Operations Planning*]

$$ATC = \min(P)$$

$$P = \{PATC_1, PATC_2, \dots, PATC_n\}$$

$$PATC_n = \frac{AFC_n}{DF_{np}}$$

**Where:**

**ATC** is the Available Transfer Capability.

**P** is the set of partial Available Transfer Capabilities for all “impacted” Flowgates honored by the Transmission Service Provider; a Flowgate is considered “impacted” by a path if the Distribution Factor for that path is greater than the percentage<sup>7</sup> used to curtail in the Interconnection-wide congestion management procedure used by the Transmission Service Provider on an OTDF Flowgate or PTDF Flowgate.

**PATC<sub>n</sub>** is the partial Available Transfer Capability for a path relative to a Flowgate *n*.

**AFC<sub>n</sub>** is the Available Flowgate Capability of a Flowgate *n*.

**DF<sub>np</sub>** is the distribution factor for Flowgate *n* relative to path *p*.

**C. Measures**

- M1.** Each Transmission Service Provider shall provide its ATCID and other evidence (such as written documentation) to show that its ATCID contains the criteria used by the Transmission Operator to identify sets of Transmission Facilities as Flowgates and information on how sources and sinks are accounted for in AFC calculations. (R1)
- M2.** The Transmission Operator shall provide evidence (such as studies and working papers) that all Flowgates that meet the criteria described in R2.1 are considered in its AFC calculations. (R2.1)
- M3.** The Transmission Operator shall provide evidence (such as logs) that it updated its list of Flowgates at least once per calendar year. (R2.2)
- M4.** The Transmission Operator shall provide evidence (such as logs and dated requests) that it updated the list of Flowgates within thirty calendar days from a request. (R2.3)
- M5.** The Transmission Operator shall provide evidence (such as data or models) that it determined the TFC for each Flowgate as defined in R2.4. (R2.4)
- M6.** The Transmission Operator shall provide evidence (such as logs) that it established the TFCs for each Flowgate in accordance with the timing defined in R2.5. (R2.5)
- M7.** The Transmission Operator shall provide evidence (such as logs and electronic communication) that it provided the Transmission Service Provider with updated TFCs within seven calendar days of their determination. (R2.6)

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<sup>7</sup> A percentage less than that used in the Interconnection-wide congestion management procedure may be utilized.

- M8.** The Transmission Operator shall provide evidence (such as written documentation, logs, models, and data) that the Transmission model used to determine AFCs contains the information specified in R3. (R3)
- M9.** The Transmission Service Provider shall provide evidence (such as written documentation and data) that the modeling of point-to-point reservations was based on the rules described in R4. (R4)
- M10.** The Transmission Service Provider shall provide evidence including the models received from Transmission Operators and other evidence (such as documentation and data) to show that it used the Transmission Operator's models in calculating AFC. (R5.1)
- M11.** The Transmission Service Provider shall provide evidence (such as written documentation, electronic communications, and data) that all expected generation and Transmission outages, additions, and retirements were included in the AFC calculation as specified in the ATCID. (R5.2)
- M12.** The Transmission Service Provider shall provide evidence (such as logs, electronic communications, and data) that AFCs provided by third parties on external Flowgates were used instead of those calculated by the Transmission Operator. (R5.3)
- M13.** The Transmission Service Provider shall demonstrate compliance with R6 by recalculating firm ETC for any specific time period as described in (MOD-001 R2), using the requirements defined in R6 and with data used to calculate the specified value for the designated time period. The data used must meet the requirements specified in this standard and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the requirements defined in R6 to calculate its firm ETC. (R6)
- M14.** The Transmission Service Provider shall demonstrate compliance with R7 by recalculating non-firm ETC for any specific time period as described in (MOD-001 R2), using the requirements defined in R7 and with data used to calculate the specified value for the designated time period. The data used must meet the requirements specified in the standard and the ATCID. To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the requirements in R7 to calculate its non-firm ETC. (R7)
- M15.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates firm AFCs, as required in R8. Such documentation must show that only the variables allowed in R8 were used to calculate firm AFCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R8)
- M16.** Each Transmission Service Provider shall produce the supporting documentation for the processes used to implement the algorithm that calculates non-firm AFCs, as required in R9. Such documentation must show that only the variables allowed in R9 were used to calculate non-firm AFCs, and that the processes use the current values for the variables as determined in the requirements or definitions. Note that any variable may legitimately be zero if the

value is not applicable or calculated to be zero (such as counterflows, TRM, CBM, etc...). The supporting documentation may be provided in the same form and format as stored by the Transmission Service Provider. (R9)

**M17.** The Transmission Service Provider shall provide evidence (such as documentation, dated logs, and data) that it calculated AFC on the frequency defined in R10. (R10)

**M18.** The Transmission Service Provider shall provide evidence (such as documentation and data) when converting Flowgate AFCs to ATCs for ATC Paths, it follows the procedure described in R11. (R11)

## **D. Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Enforcement Authority**

Regional Entity.

#### **1.2. Compliance Monitoring Period and Reset Time Frame**

Not applicable.

#### **1.3. Data Retention**

The Transmission Operator and Transmission Service Provider shall keep data or evidence to show compliance as identified below unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation:

- The Transmission Service Provider shall retain its current, in force ATCID and any prior versions of the ATCID that were in force since the last compliance audit to show compliance with R1.
- The Transmission Operator shall have its latest model used to determine flowgates and TFC and evidence of the previous version to show compliance with R2 and R3.
- The Transmission Operator shall retain evidence to show compliance with R2.1, R2.3 for the most recent 12 months.
- The Transmission Operator shall retain evidence to show compliance with R2.2, R2.4 and R2.5 for the most recent three calendar years plus current year.
- The Transmission Service Provider shall retain evidence to show compliance with R4 for 12 months or until the model used to calculate AFC is updated, whichever is longer.
- The Transmission Service Provider shall retain evidence to show compliance with R5, R8, R9, R10, and R11 for the most recent calendar year plus current year.
- The Transmission Service Provider shall retain evidence to show compliance in calculating hourly values required in R6 and R7 for the most recent 14 days; evidence to show compliance in calculating daily values required in R6 and R7 for the most recent 30 days; and evidence to show compliance in calculating monthly values required in R6 and R7 for the most recent sixty days.
- If a Transmission Service Provider or Transmission Operator is found non-compliant, it shall keep information related to the non-compliance until found compliant.

The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

#### **1.4. Compliance Monitoring and Enforcement Processes:**

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The following processes may be used:

- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Complaints

### **1.5. Additional Compliance Information**

None.

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**2. Violation Severity Levels**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R1.	The Transmission Service Provider does not include in its ATCID one or two of the sub-requirements listed under R1.2, or the sub-requirement is incomplete.	The Transmission Service Provider does not include in its ATCID three of the sub-requirements listed under R1.2, or the sub-requirement is incomplete.	The Transmission Service Provider does not include in its ATCID the information described in R1.1.  <b>OR</b> The Transmission Service Provider does not include in its ATCID the information described in R1.2 (1.2.1, 1.2.2., 1.2.3, and 1.2.4 are missing).	The Transmission Service Provider does not include in its ATCID the information described in R1.1 and R1.2 (1.2.1, 1.2.2., 1.2.3, and 1.2.4 are missing).
R2.	One or more of the following: <ul style="list-style-type: none"> <li>• The Transmission Operator established its list of Flowgates less frequently than once per calendar year, but not more than three months late as described in R2.2.</li> <li>• The Transmission Operator established its list of Flowgates more than thirty days, but not more than sixty days, following a request to create, modify or delete a flowgate as described in R2.3.</li> <li>• The Transmission Operator has not updated its Flowgate TFC when notified by the Transmission Owner in more than 7 days, but it has not been more than 14 days</li> </ul>	One or more of the following: <ul style="list-style-type: none"> <li>• The Transmission Operator did not include a Flowgate in their AFC calculations that met the criteria described in R2.1.</li> <li>• The Transmission Operator established its list of Flowgates more than three months late, but not more than six months late as described in R2.2.</li> <li>• The Transmission Operator established its list of Flowgates more than sixty days, but not more than ninety days, following a request to create, modify or delete a flowgate as described in R2.3.</li> <li>• The Transmission Operator</li> </ul>	One or more of the following: <ul style="list-style-type: none"> <li>• The Transmission Operator did not include two to five Flowgates in their AFC calculations that met the criteria described in R2.1.</li> <li>• The Transmission Operator established its list of Flowgates more than six months late, but not more than nine months late as described in R2.2.</li> <li>• The Transmission Operator established its list of Flowgates more than ninety days, but not more than 120 days, following a request to create, modify or delete a flowgate as described in R2.3.</li> </ul> <p>The Transmission Operator</p>	One or more of the following: <ul style="list-style-type: none"> <li>• The Transmission Operator did not include six or more Flowgates in their AFC calculations that met the criteria described in R2.1.</li> <li>• The Transmission Operator established its list of Flowgates more than nine months late as described in R2.2.</li> <li>• The Transmission Operator did not establish its list of internal Flowgates as described in R2.2.</li> <li>• The Transmission Operator established its list of Flowgates more than 120 days following a request to create, modify or delete a flowgate as described in</li> </ul>

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	<p>since the notification (R2.5.1)</p> <ul style="list-style-type: none"> <li>The Transmission Operator has not provided its Transmission Service Provider with its Flowgate TFCs within seven days (one week) of their determination, but is has not been more than 14 days (two weeks) since their determination.</li> </ul>	<p>has not updated its Flowgate TFCs at least once within a calendar year, and it has been not more than 15 months since the last update.</p> <ul style="list-style-type: none"> <li>The Transmission Operator has not updated its Flowgate TFC when notified by the Transmission Owner in more than 14 days, but it has not been more than 21 days since the notification (R2.5.1)</li> <li>The Transmission Operator has not provided its Transmission Service Provider with its Flowgate TFCs in more than 14 days (two weeks) of their determination, but is has not been more than 21 days (three weeks) since their determination.</li> </ul>	<p>has not updated its Flowgate TFCs at least once within a calendar year, and it has been more than 15 months but not more than 18 months since the last update.</p> <ul style="list-style-type: none"> <li>The Transmission Operator has not updated its Flowgate TFCs when notified by the Transmission Owner in more than 21 days, but it has not been more than 28 days since the notification (R2.5.1)</li> <li>The Transmission Operator has not provided its Transmission Service Provider with its Flowgate TFCs in more than 21 days (three weeks) of their determination, but is has not been more than 28 days (four weeks) since their determination.</li> </ul>	<p>R2.3.</p> <ul style="list-style-type: none"> <li>The Transmission Operator did not establish its list of external Flowgates following a request to create, modify or delete an external flowgate as described in R2.3.</li> <li>The Transmission Operator did not determine the TFC for a flowgate as described in R2.4.</li> <li>The Transmission Operator has not updated its Flowgate TFCs at least once within a calendar year, and it has been more than 18 months since the last update. (R2.5)</li> <li>The Transmission Operator has not updated its Flowgate TFCs when notified by the Transmission Owner in more than 28 calendar days (R2.5.1)</li> <li>The Transmission Operator has not provided its Transmission Service Provider with its Flowgate TFCs in more than 28 days (4 weeks) of their determination.</li> </ul>

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R3.	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator used one to ten Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission Operator did not update the model per R3.2 for one or more calendar days but not more than 2 calendar days</li> <li>• The Transmission Operator did not update the model for per R3.3 for one or more months but not more than six weeks</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator used eleven to twenty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission Operator did not update the model per R3.2 for more than 2 calendar days but not more than 3 calendar days</li> <li>• The Transmission Operator did not update the model for per R3.3 for more than six weeks but not more than eight weeks</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator used twenty-one to thirty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission Operator did not update the model per R3.2 for more than 3 calendar days but not more than 4 calendar days</li> <li>• The Transmission Operator did not update the model for per R3.3 for more than eight weeks but not more than ten weeks</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>• The Transmission Operator did not update the model per R3.2 for more than 4 calendar days</li> <li>• The Transmission Operator did not update the model for per R3.3 for more than ten weeks</li> <li>• The Transmission Operator used more than thirty Facility Ratings that were different from those specified by a Transmission or Generator Owner in their Transmission model.</li> <li>• The Transmission operator did not include in the Transmission model detailed modeling data and topology for its own Reliability Coordinator area.</li> <li>• The Transmission operator did not include in the Transmission modeling data and topology for immediately adjacent and beyond Reliability Coordinator area.</li> </ul>
R4.	<p>The Transmission Service Provider did not represent the impact of Transmission Service as described in R4 for more than zero, but not more than</p>	<p>The Transmission Service Provider did not represent the impact of Transmission Service as described in R4 for more than 5%, but not more than</p>	<p>The Transmission Service Provider did not represent the impact of Transmission Service as described in R4 for more than 10%, but not more than</p>	<p>The Transmission Service Provider did not represent the impact of Transmission Service as described in R4 for more than 15% of all reservations; or</p>

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	5% of all reservations; or more than zero, but not more than 1 reservation, whichever is greater..	10% of all reservations; or more than 1, but not more than 2 reservations, whichever is greater..	15% of all reservations; or more than 2, but not more than 3 reservations, whichever is greater..	more than 3 reservations, whichever is greater..
R5.	The Transmission Service Provider did not include in the AFC process one to ten expected generation or Transmission outages, additions or retirements within the scope of the model as specified in the ATCID.	The Transmission Service Provider did not include in the AFC process eleven to twenty-five expected generation and Transmission outages, additions or retirements within the scope of the model as specified in the ATCID.	The Transmission Service Provider did not include in the AFC process twenty-six to fifty expected generation and Transmission outages, additions or retirements within the scope of the model as specified in the ATCID.	One or more of the following: <ul style="list-style-type: none"> <li>• The Transmission Service Provider did not use the model provided by the Transmission Operator.</li> <li>• The Transmission Service Provider did not include in the AFC process more than fifty expected generation and Transmission outages, additions or retirements within the scope of the model as specified in the ATCID.</li> <li>• The Transmission Service provider did not use AFC provided by a third party.</li> </ul>
R6.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M13 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M13 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M13 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M13 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	25MW, whichever is greater..	35MW, whichever is greater.	45MW, whichever is greater.	
R7.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M14 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or 25MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M14 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or 35MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M14 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M14 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.
R8.	The Transmission Service Provider did not use all the elements defined in R8 when determining firm AFC, or used additional elements, for more than zero Flowgates, but not more than 5% of all Flowgates or 1 Flowgate (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining firm AFC, or used additional elements, for more than 5% of all Flowgates or 1 Flowgates (whichever is greater), but not more than 10% of all Flowgates or 2 Flowgates (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining firm AFC, or used additional elements, for more than 10% of all Flowgates or 2 Flowgates (whichever is greater), but not more than 15% of all Flowgates or 3 Flowgates (whichever is greater).	The Transmission Service Provider did not use all the elements defined in R8 when determining firm AFC, or used additional elements, for more than 15% of all Flowgates or more than 3 Flowgates (whichever is greater).
R9.	The Transmission Service Provider did not use all the elements defined in R8 when determining non-firm AFC, or used additional elements, for more than zero Flowgates, but	The Transmission Service Provider did not use all the elements defined in R9 when determining non-firm AFC, or used additional elements, for more than 5% of all Flowgates	The Transmission Service Provider did not use all the elements defined in R9 when determining non-firm AFC, or used additional elements, for more than 10% of all	The Transmission Service Provider did not use all the elements defined in R9 when determining non-firm AFC, or used additional elements, for more than 15% of all

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
	not more than 5% of all Flowgates or 1 Flowgate (whichever is greater).	or 1 Flowgate (whichever is greater), but not more than 10% of all Flowgates or 2 Flowgates (whichever is greater).	Flowgates or 2 Flowgates (whichever is greater), but not more than 15% of all Flowgates or 3 Flowgates (whichever is greater).	Flowgates or more than 3 Flowgates (whichever is greater).
R10	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for one or more hours but not more than 15 hours, and was in excess of the 175-hour per year requirement.</li> <li>▪ For Daily, the values described in the AFC equation changed and the Transmission Service provider did not calculate for one or more calendar days but not more than 3 calendar days.</li> <li>▪ For Monthly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for seven or more calendar days, but less than 14 calendar days.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 15 hours but not more than 20 hours, and was in excess of the 175-hour per year requirement.</li> <li>▪ For Daily, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 3 calendar days but not more than 4 calendar days.</li> <li>▪ For Monthly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for 14 or more calendar days, but less than 21 calendar days.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 20 hours but not more than 25 hours, and was in excess of the 175-hour per year requirement.</li> <li>▪ For Daily, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 4 calendar days but not more than 5 calendar days.</li> <li>▪ For Monthly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for 21 or more calendar days, but less than 28 calendar days.</li> </ul>	<p>One or more of the following:</p> <ul style="list-style-type: none"> <li>▪ For Hourly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 25 hours, and was in excess of the 175-hour per year requirement.</li> <li>▪ For Daily, the values described in the AFC equation changed and the Transmission Service provider did not calculate for more than 5 calendar days.</li> <li>▪ For Monthly, the values described in the AFC equation changed and the Transmission Service provider did not calculate for 28 or more calendar days.</li> </ul>

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R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
R11.	N/A	N/A	N/A	The Transmission Service Provider did not follow the procedure for converting Flowgate AFCs to ATCs described in R11.

**A. Regional Differences**

None identified.

**B. Associated Documents**

**Version History**

<b>Version</b>	<b>Date</b>	<b>Action</b>	<b>Change Tracking</b>
2		Modified R2.1.1.3, R2.1.2.3, R2.1.3, R2.2, R2.3 and R11 Made conforming changes to M18 and VSLs for R2 and R11	Revised

# **Exhibit B**

## Standard Drafting Team Roster

## ATC-TTC-AFC-CBM-TRM Standards Drafting Team (Project 2006-07)

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## **Exhibit C**

The complete development record of the proposed  
Reliability Standards

(Available on the NERC Website at

[http://www.nerc.com/fileUploads/File/Filings/Exhibit-C-DevelopmentRecord\\_ATC-MOD-030-2.pdf](http://www.nerc.com/fileUploads/File/Filings/Exhibit-C-DevelopmentRecord_ATC-MOD-030-2.pdf)

[http://www.nerc.com/fileUploads/File/Filings/Exhibit-C-DevelopmentRecord\\_ATC\\_Standards.pdf](http://www.nerc.com/fileUploads/File/Filings/Exhibit-C-DevelopmentRecord_ATC_Standards.pdf))