

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ELECTRIC RELIABILITY

North American Electric Reliability Corporation
Docket Nos. RM12-1-001
RM13-9-001
RM13-11-001
RM13-16-001

November 26, 2014

North American Electric Reliability Corporation
1325 G Street N.W., Suite 600
Washington, D.C. 20005

Attention: William H. Edwards
Counsel for North American Electric Reliability Corporation

Reference: Revisions to the Violation Risk Factors and Violation Severity Levels
to Certain Reliability Standards Docket Nos. RM12-1-001, RM13-9-
001, RM13-11-001, and RM13-16-001

Dear Mr. Edwards:

On August 29, 2014, in response to Commission directives in Order Nos. 786,¹ 794,² and 796,³ the North American Electric Reliability Corporation (NERC) filed a petition (Petition) seeking approval of proposed revisions to the Violation Risk Factors (VRF) assigned to Reliability Standard TPL-001-4, Requirement R1 and Reliability Standards BAL-003-1, Requirement R1. In addition, the Petition seeks approval of proposed revisions to the Violation Severity Levels (VSL) assigned to Reliability Standard MOD-026-1, Requirement R6, Reliability Standard MOD-027-1, Requirement R5, and Reliability Standard BAL-003-1, Requirement

¹ *Transmission System Planning Performance Requirements Reliability Standard*, Order No. 786, 145 FERC ¶ 61,051 (2013).

² *Frequency Response and Frequency Bias Setting Reliability Standard*, Order No. 794, 146 FERC ¶ 61,024 (2014).

³ *Generator Verification Reliability Standards*, Order No. 796, 146 FERC ¶ 61,213 (2014).

R1.

On October 17, 2013, the Commission issued Order No. 786, approving Reliability Standard TPL-001-4 and directing NERC to modify the VRF for Requirement R1 from “medium” to “high.” Requirement R1 requires transmission planners and planning coordinators to maintain system models within their respective areas for the purpose of conducting studies needed to perform planning assessments. As the Commission noted in Order No. 786, since Reliability Standard TPL-001-4, Requirement R1 establishes the normal system planning model that serves as a baseline for all other conditions and contingencies in the planning assessment, any failure to follow models could result in misoperation of the system.⁴ Therefore, the Commission directed NERC to modify the VRF for TPL-004-4 Requirement R1 from “medium” to “high.”⁵ .

On January 16, 2014, the Commission issued Order No. 794, approving Reliability Standard BAL-003-1. In that order, the Commission directed NERC to modify the VRF for Requirement R1 from “medium” to “high,” and modify the VSL for Requirement R1 to remove references to performance by other entities. As noted by the Commission, the VRF for Requirement R1 should be assigned “high” because frequency response is a critical component to reliable operation and, therefore, more than just an administrative burden.⁶ Further, the Commission found that the VSL for Requirement R1 should be revised to be sure that severity levels are not assigned based on performance of Requirement R1 by other responsible entities in the Interconnection in which a violator is located.⁷

On March 20, 2014, the Commission issued Order No. 796, approving five generator verification standards and directing NERC to modify the VSLs for Reliability Standard MOD-026-1, Requirement R6 and Reliability Standard MOD-027-1, Requirement R5. Specifically, the Commission directed NERC to submit a VSL for each requirement that addresses a transmission planner’s obligation to provide a technical description of why a model submitted by a generator owner is not useable for the purposes of Reliability Standard MOD-026-1, Requirement R6 and Reliability Standard MOD-027-1, Requirement R5.⁸ As the Commission noted, the provision of a technical explanation as to why the model is unusable is no less important than other obligations in the same requirements and, as such, a VSL should

⁴ Order No. 786, 145 FERC ¶ 61,051 at P 52.

⁵ *Id.* at P 53.

⁶ Order No. 794, 146 FERC ¶ 61,024 at P 90.

⁷ *Id.* at P 95.

⁸ Order No. 796, 146 FERC ¶ 61,213 at P 58.

be assigned to that obligation where none existed before.⁹

NERC's filing was noticed on September 24, 2014, with interventions, comments and protests due on or before October 14, 2014. No interventions, comments or protests were filed.

NERC's uncontested filing is hereby approved pursuant to the relevant authority delegated to the Director, Office of Electric Reliability under 18 C.F.R. § 375.303 (2014), effective as of the date of this Order.

This action shall not be construed as approving any other application, including proposed revisions of Electric Reliability Organization or Regional Entity rules or procedures pursuant to 18 C.F.R. § 375.303(a)(2)(i) (2014). Such action shall not be deemed as recognition of any claimed right or obligation associated therewith and such action is without prejudice to any findings or orders that have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the Electric Reliability Organization or any Regional Entity.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2014).

Sincerely,

Michael Bardee, Director
Office of Electric Reliability

⁹ *Id.* at P 57.