

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

**North American Electric Reliability Corporation )  
and Northeast Power Coordinating Council, Inc. )      Docket No. RC09-3-000**

**INFORMATIONAL STATUS REPORT OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION AND NORTHEAST  
POWER COORDINATING COUNCIL, INC.  
IN RESPONSE TO THE COMMISSION'S DECEMBER 18, 2008 ORDER**

The North American Electric Reliability Corporation (“NERC”) and the Northeast Power Coordinating Council, Inc. (“NPCC”) (collectively “Joint Filing Parties”) respectfully submit this Informational Status Report (“Informational Status Report”) describing the progress made to date on NPCC’s application of the definition of the bulk electric system (“BES”) in NPCC and its continuing generator registration efforts, in the above-captioned proceeding. The Joint Filing Parties are not requesting the Commission to take any action on this Information Status Report filing.

**I. Background**

The Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) December 18 Order Directing the Submission of Data,<sup>1</sup> among other things, directed NPCC and NERC to submit a comprehensive list of BES facilities within the United States portion of the NPCC Region.<sup>2</sup> The December 18 Order also sought additional information so that the Commission could better understand the scope and comprehensiveness of the definition of BES

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<sup>1</sup> *North American Electric Reliability Corporation and Northeast Power Coordinating Council, Inc.*, 125 FERC ¶ 61,295 at PP 1 and 12-13 (2008) (“December 18 Order”).

<sup>2</sup> *Id.* at P 1.

used in the NPCC Region, as well as internal consistency across the United States portion of the NPCC Region.<sup>3</sup>

On February 20, 2009, NERC and NPCC submitted a comprehensive list of facilities 100 kV and above within the United States portion of the NPCC Region along with responses to the Commission's set of questions and data requests.<sup>4</sup> The materials provided in that filing also identified those facilities that are not captured in the current NPCC Approved BES List.

On April 21, 2009, NPCC and NERC supplemented their initial compliance filing<sup>5</sup> with revisions to the attachments identifying which generator stations are subject to NERC Reliability Standards adding a column indicating which of these generators are currently registered as a Generator Owner ("GO") and/or as a Generator Operator ("GOP") and are therefore responsible for meeting the applicable FERC approved NERC Reliability Standards ("April 21 Supplemental Filing").

The April 21 Supplemental Filing also described NPCC's ongoing efforts to review and modify the NPCC Compliance Registry for generator owners and operators. NPCC planned to have the verification of the generation entities completed by the end of May 2009, and subsequently notified newly identified generator owners and operators of these verifications. NPCC also stated it would work closely with newly identified entities to ensure that they are assessing the NERC Reliability Standards to which they will be required to comply and to ensure

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<sup>3</sup> *Id.* at P 13.

<sup>4</sup> See *North American Electric Reliability Corporation and Northeast Power Coordinating Council, Inc.*, "Compliance Filing of the North American Electric Reliability Corporation and the Northeast Power Coordinating Council, Inc. in Response to the December 18, 2008 Commission Order," Docket No. RC09-3-000, February 20, 2009.

<sup>5</sup> See *North American Electric Reliability Corporation and Northeast Power Coordinating Council, Inc.*, "Supplemental Compliance Filing of the North American Electric Reliability Corporation and Northeast Power Coordinating Council, Inc. In Response to the December 18, 2008 Commission Order," Docket No. RC09-3-000, April 21, 2009.

that they have identified any gaps and developed appropriate mitigation plans, if necessary, prior to registration.

In addition to its generator registration efforts, in the April 21 Supplemental Filing, NPCC also described the actions it was undertaking to review the impact of implementing a 100 kV “bright line” test within the United States portion of NPCC and explained that it was working aggressively through its committees and task forces to complete this assessment and submit its findings to the Commission by September 20, 2009.

**Documents Submitted With This Filing**

- A. NPCC Working Definition of the “Bulk Electric System” for the NPCC Impact Assessment (Attachment A);
- B. Sample Assessment Template Spreadsheet (Attachment B);
- C. BES Definition Project Schedule (Attachment C); and,
- D. NPCC Compliance Guidance Statement NPCC-CGS-002 Rev. 0, “Defining Generator Materiality for Registration” (Attachment D).

## II. Notices and Communications

Communications regarding this filing should be addressed to:

### NERC Contacts:

Rick Sergel  
President and Chief Executive Officer  
David N. Cook\*  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

Rebecca J. Michael\*  
Assistant General Counsel  
Holly A. Hawkins\*  
Attorney  
North American Electric Reliability Corporation  
1120 G Street, NW  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

### NPCC Contacts:

Edward A. Schwerdt\*  
President and Chief Executive Officer  
Northeast Power Coordinating Council,  
Inc.  
1040 Avenue of the Americas  
10<sup>th</sup> Floor  
New York, NY 10018  
(212) 840-1070  
(212) 302-2782 – facsimile  
eschwerdt@npcc.org

\*Persons to be included on the Commission's service list are indicated with an asterisk. NERC and NPCC request waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

## III. Bulk Electric System Definition Status Report

At its February 3, 2009 meeting, the NPCC Board of Directors ("NPCC Board") assigned the NPCC Reliability Coordinating Committee ("RCC"), the task of assessing, through NPCC's Task Force structure, impacts of the utilization of a 100 kV "bright line" definition, included as Attachment A, for the NPCC BES in the application of NERC Reliability Standards to the U.S. portion of the NPCC Regional Entity ("BES Impact Assessment"). This assessment requires each NPCC U.S. Transmission Owner ("TO"), Transmission Operator ("TOP"), GO, and GOP and, to a lesser extent Distribution Provider ("DP") and Load Serving Entity ("LSE"), to identify

the implications of adopting such a bright line definition, including, but not limited to, the effects, including both impacts and benefits, to system reliability, necessary resources, investment requirements and costs to consumers. The NPCC Board directed that the assessment be completed in time to provide an NPCC filing with the Commission by September 20, 2009.

Since that Board meeting, the RCC established a Steering Committee, comprised of the RCC Chair, Co-Vice Chairs and the NPCC Joint Task Force Chairs, to guide the individual NPCC Task Forces and Registered Entities' activities toward a timely completion of the BES Impact Assessment. The RCC, at its March 11, 2009 meeting, further agreed that each NPCC Task Force would identify and evaluate issues within their areas of responsibility associated with utilizing the NERC definition of "bulk electric system"<sup>6</sup> for applicability of NERC Reliability Standards within the U.S. portion of NPCC.

The first step of the BES Impact Assessment sought to establish NPCC's definition of the BES in a manner consistent with NERC's definition of the BES, that included a 100 kV bright line approach to defining the BES within the U.S. portion of NPCC. To facilitate this, the RCC directed the Task Force on Coordination of Planning ("TFCP") to clarify the application of "radial transmission facilities" for purposes of NPCC's evaluation.

The Steering Committee and the Task Forces have developed an NPCC working definition of BES facilities for the purposes of evaluating the impact of applying NERC Reliability Standards within the U.S. portion of the NPCC Regional Entity. This working definition includes all transmission elements operated at voltages of 100 kV or higher, but

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<sup>6</sup> The NERC definition of bulk electric system includes facilities generally operated at voltages of 100 kV or higher and excludes radial transmission facilities. Bulk electric system is defined by NERC as "the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition." *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 51 (2007).

excludes radial portions of the transmission system, provided that the loss of load in the radial portion due to the loss of a generator, transmission circuit, transformer or a single pole block on an HVDC line (currently NERC TPL-002-0 (System Performance Following Loss of a Single Bulk Electric System Element) category B events) is not a NERC reportable event.<sup>7</sup>

This working definition of the NPCC BES was reviewed by the NPCC Board at its April 28, 2009 meeting. Use of this NPCC working definition for BES Impact Assessment purposes does not represent an endorsement of an official NPCC BES proposal to define the BES in the NPCC Region, and further refinements of this working definition are likely to follow the conclusion of the BES Impact Assessment.

Since the March 11, 2009 RCC meeting, the Steering Committee has conducted four teleconferences to help coordinate the efforts of the Task Forces and NPCC Members. The individual Task Forces have met six times, collectively, during the March 2009 through May 2009 time period to address the BES Impact Assessment. To facilitate reporting, a template spreadsheet, included as Attachment B to this filing, has been developed that may be used by the registered entities and Task Forces to summarize the reliability impact assessment results, and the Task Forces have been charged with specific responsibilities to ensure that reviews are completed to meet the September 20, 2009 Commission filing deadline. A BES Impact Assessment project schedule is included as Attachment C to this filing. In addition, as a potential further clarification of the characteristics of radial facilities, sensitivity evaluations, using accepted and replicable methodologies, are also underway as an optional approach to identify facilities that have minimal participation in bulk transfers and negligible impact to the reliability of the international, interconnected power system. Referenced background materials

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<sup>7</sup> See Attachment A.

for the BES Impact Assessment may be found under the Open Process section of the NPCC public website at <http://www.npcc.org/regStandards/opOther.aspx>.

The NPCC Task Forces are currently identifying any issues associated with using the NPCC working definition of BES for its BES Impact Assessment. In addition, all registered NPCC TOs, TOPs, GOs, GOPs, DPs and LSEs (approximately 400 registered functional entities in total), were notified in May of the BES Impact Assessment. These entities will utilize the NPCC working definition of the BES to evaluate the impact that each NERC standard and associated requirements applicable to their functional areas would have on reliability, reporting requirements, operation and maintenance and capital costs, resources, scheduling, and other financial considerations. Moreover, throughout the development of the BES Impact Assessment, the Task Forces and affected NPCC registered entities have the opportunity to provide the Steering Committee with identified issues for resolution through the NPCC “Open Process” website, referenced above. The identified issues and corresponding resolutions are posted on the website.

NPCC held a compliance workshop from May 19, 2009 through May 21, 2009 in Boston, Massachusetts for all registered entities in Northeastern North America, which was attended by over 255 participants. The opening presentation of the workshop covered the status of activities related to the BES Impact Assessment and the reliability impacts of adopting an NPCC BES definition. In addition, a separate, stakeholder-led breakout session was conducted, following the first day of the workshop, to allow affected parties in attendance an opportunity to discuss the BES Impact Assessment and provide feedback to NPCC Staff.

Toward the end of May 2009, the NPCC Balancing Authorities and transmission and generation asset owners concluded their identification of facilities that would fall under the

working definition of the NPCC BES. At its June 3, 2009 meeting, the RCC reviewed the comments received to date and provided guidance regarding issues and assumptions needed for further assessment of the economic and reliability impacts. Therefore, the BES Impact Assessment process in NPCC is ongoing, and NPCC is on schedule to provide sufficient RCC and NPCC Board review prior to the September 20, 2009 Commission filing date.

#### **IV. Status of Generation Registration**

Since the April 21 Supplemental Filing, NPCC has developed a new Compliance Guidance Statement, *NPCC-CGS-002 Rev. 0, "Defining Generator Materiality for Registration, ("CGS")*, included as Attachment D, to provide additional insights regarding NPCC's application of the phrase "generator materiality," which is included in the *NERC Statement of Compliance Registry Criteria – Revision 5.0*.

On May 4, 2009, NPCC distributed the CGS to all NPCC registered entities and, recognizing that this CGS would impact new entities that are not registered, NPCC staff worked with Balancing Authorities within the United States portion of NPCC to collect the market participant contact names of additional entities that could be required to register under this CGS. Throughout May 2009, NPCC contacted these new entities to discuss the CGS and the process NPCC would use to register newly identified entities in accordance with NPCC's CGS.

The new CGS and registration process was also presented to participants at the May 19, 2009 through May 21, 2009 NPCC Compliance Workshop, including many of the newly identified generator entities. NPCC staff met individually with generator entities that wanted to discuss the CGS or registration process. A stakeholder breakout session was also held during the compliance workshop where generator owners and generator operators were afforded the opportunity to discuss compliance related issues and exchange lessons learned.



Following the completion of its initial generator verification efforts on June 4, 2009, NPCC registered a number of additional generators, and is continuing its generator outreach efforts through the dissemination of supporting materials to the newly identified GOs and GOPs, with a complete generator registry update to be provided to NERC no later than August 10, 2009.<sup>8</sup> NPCC staff intends to work closely with these new entities to ensure that they are developing a strong compliance program and culture, performing the proper self-certifications, and preparing for spot-checks and audits.

## V. Conclusion

The Joint Filing Parties respectfully request that the Commission accept this Informational Status Report and are not requesting the Commission take any action on this Informational Status Report filing.

Respectfully submitted,

Rick Sergel  
President and Chief Executive Officer  
David N. Cook  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

Edward A. Schwerdt  
President and Chief Executive Officer  
Northeast Power Coordinating Council, Inc.  
1040 Avenue of the Americas  
10<sup>th</sup> Floor  
New York, NY 10018  
(212) 840-1070  
(212) 302-2782 – facsimile  
eschwerdt@npcc.org

/s/ Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
Holly A. Hawkins  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
holly.hawkins@nerc.net  
rebecca.michael@nerc.net

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<sup>8</sup> These updates will be incorporated in the September 20, 2009 submission to FERC.

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 5<sup>th</sup> day of June, 2009.

/s/Holly A. Hawkins  
Holly A. Hawkins

*Attorney for North American Electric Reliability  
Corporation*

## **Attachment A**

### **NPCC Working Definition of the “Bulk Electric System” for the NPCC Impact Assessment**

## Working Definition of the “Bulk Electric System” for the NPCC Impact Assessment

I. The Transmission portion of the Bulk Electric System (“BES”) within the NPCC footprint, with certain exclusions, is defined as all:

1. Transmission elements operated at voltages of 100 kV or higher; and
2. Transformers (other than generator step-up) with both primary and secondary windings of 100 kV or higher.

II. The Transmission portion of the NPCC Bulk Electric System excludes:

Radial portions of the transmission system (as defined in 1 and 2 above) provided that the loss of load in the radial portion due to the loss of a generator, transmission circuit, transformer or a single pole block on a HVDC line (currently NERC TPL-002-0 Standard Category B events) is not a NERC reportable event.<sup>1</sup>

A radial portion is defined as an area that is normally connected to the rest of the network at a single transmission substation at a single transmission voltage by one or more transmission circuits. This radial portion may be connected to one or more sub-transmission circuits (less than 100 kV) to maintain no loss of load following one of the above noted events.

III. The Generation portion of the Bulk Electric System within the NPCC footprint is defined as all:

1. Individual generation resources larger than 20 MVA or a generation plant with aggregate capacity greater than 75 MVA that is directly connected via a step-up transformer(s) to BES Transmission facilities as defined above.

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<sup>1</sup> Consistent with NERC EOP-004-1, effective January 1, 2007

# **Attachment B**

## **Sample Assessment Template Spreadsheet**































# **Attachment C**

## **BES Definition Project Schedule**



	<b>Step</b>	<b>Responsible parties</b>	<b>Date</b>	<b>Status</b>
1	BES Definition	TFCP/JTFC	April 28	Completed for the 100 kV bright line less radials. Additional sensitivity evaluations to identify other facilities that could have minimal impact on bulk power transfers underway Definition reviewed at NPCC Board 4/28/09 meeting Definition distributed to RCC, Task Forces, TOs, TOPs, GOs & GOPs 5/1/09
2	Identify BES facilities(per NPCC BES definition)  May identify additional Facilities for exclusion that have minimal impact on bulk power transfers	Area BAs / Asset Owners  Area BA / Asset Owner	Start May 1 Complete May 27	Status Report at May 8 JTFC meeting Send identification to the RCC for review at the June 3 meeting
3	Identify issues and assumptions needed to provide economic and reliability analyses of BES	RC, BA, TPs, TOs, TOPs, GOs, GOPs, DPs, LSEs & Task Forces	Start May 1 Complete May 27	NPCC Staff to post comments received on NPCC web site, along with JTFC resolution
4	Develop format for NPCC Members and Registered Entities to perform: a. economic evaluation b. reliability evaluation	JTFC	Start May 1 Complete May 27	Discuss at May 8 JTFC meeting Send recommendation to the RCC for review and finalization at the June 3 RCC meeting
5	Economic evaluation of BES	RC, BA, TPs, TOs, TOPs, GOs, GOPs	Currently underway Complete July 3 (preliminary)	Status reports to JTFC – June 17, July 1, July 15, Teleconferences – others as needed Reviewed by NPCC Board at July 29 meeting
6	Reliability evaluation of BES	Task Forces; RC, BA, TPs, TOs, TOPs, GOs, GOPs	Currently underway Complete July 3 (preliminary)	Status reports to JTFC – June 17, July 1, July 15 Teleconferences – others as needed Reviewed by NPCC Board July 29 meeting
7	Compilation and review of economic and reliability evaluations	NPCC Staff (compile) JTFC / Task Forces (review)	Complete July 22	
8	Draft Report outline for BOD	JTFC	Start June 3 Complete June 23	Status report for June 30 BOD meeting
9	Draft Report	JTFC	Start July 1 Complete July 29	Status report for July 29 BOD meeting
10	Review Report	TOs, TOPs, GOs, GOPs Task Forces RCC	Start Aug 3 Complete Sept 3	RCC reviews Sept 10 - recommends approval at BOD Sept 17 BOD meeting for Sept 20 FERC Filing

## **Attachment D**

### **NPCC Compliance Guidance Statement NPCC-CGS-002 Rev. 0, “Defining Generator Materiality for Registration”**



## NPCC Compliance Guidance Statement “Defining Generator Materiality for Registration”

NPCC is issuing this “Compliance Guidance Statement” to identify those generator assets that are material to the reliability bulk electric system and should be registered as Generator Owners and/or Generator Operators within the NPCC footprint. As a Regional Entity, NPCC has the responsibility to identify those entities to which one or more NERC approved Reliability Standards would be applicable and therefore must comply with one or more requirements of the identified standards.

NERC and the Regional Entities have identified two principles they believe are key to the entity selection process. These are:

1. There needs to be consistency among Regional Entities across the continent with respect to which entities are registered, and;
2. Any entity reasonably deemed material to the reliability of the bulk electric system will be registered.

To address the second principle, the Regional Entities, working with NERC, will identify and register any entity they deem material to the reliability of the bulk electric system.

In order to promote consistency, NERC and the Regional Entities are currently using the NERC *Compliance Registry Criteria, Version 5*, which includes the following registration criteria for Generator Owners (GO) and Generator Operators (GOP) as the basis for determining whether particular entities should be registered. All organizations meeting or exceeding the criteria will be identified as candidates for registration.

### III(c) Generator Owner/Operator:

- |         |   |
|---------|---|
| III.c.1 | Individual generating unit > 20 MVA (gross nameplate rating) and is directly connected to the bulk power system, or;  |
| III.c.2 | Generating plant/facility > 75 MVA (gross aggregate nameplate rating) or when the entity has responsibility for any facility consisting of one or more units that are connected to the bulk power system at a common bus with total generation above 75 MVA gross nameplate rating, or; |
| III.c.3 | Any generator, regardless of size, that is a blackstart unit material to and designated as part of a transmission operator entity’s restoration plan, or;   |
| III.c.4 | Any generator, regardless of size, that is material to the reliability of the bulk power system.  |

*[Exclusions:*

*A generator owner/operator will not be registered based on these criteria if responsibilities for compliance with approved NERC reliability standards or associated requirements including reporting have been transferred by written agreement to another entity that has registered for the appropriate function for the transferred responsibilities, such as a load-serving entity, G&T cooperative or joint action agency as described in Sections 501 and 507 of the NERC Rules of Procedure.*

*As a general matter, a customer-owned or operated generator/generation that serves all or part of retail load with electric energy on the customer's side of the retail meter may be excluded as a candidate for registration based on these criteria if (i) the net capacity provided to the bulk power system does not exceed the criteria above or the Regional Entity otherwise determines the generator is not material to the bulk power system and (ii) standby, back-up and maintenance power services are provided to the generator or to the retail load pursuant to a binding obligation with another generator owner/operator or under terms approved by the local regulatory authority or the Federal Energy Regulatory Commission, as applicable.]*

NPCC is providing this additional guidance to all the entities in the NPCC footprint that the following guidelines will also be utilized when NPCC is assessing the need to register a Generator Owner (GO) and Generator Operator (GOP) to the NPCC and NERC Compliance Registries:

NPCC Definition of Material Generation and Implementation Schedule:

All generating units (individual generating unit > 20 MVA (gross nameplate rating) or generating plant/facility > 75 MVA (gross aggregate nameplate rating)) that are connected via step up transformers to transmission facilities 100 kV and above are considered material to the reliability of the bulk electric system in the United States. These generation assets, their owner and their operator, will be identified by NPCC Compliance. NPCC will contact the owners and operators of these identified generation assets with an NPCC notification email.

Following receipt of the NPCC notification email, each generation owner and/or operator will have 60 calendar days to review the applicable NERC standards for full compliance. After 60 calendar days from the original NPCC written notification, the identified owner and/or operator will be added to the NPCC compliance registry for those identified generation assets. Within the 60 calendar day period, the identified owner and/or operator shall develop mitigation plan(s), if necessary, for any compliance requirement that the entity has identified as not fully compliant. These proposed mitigation plans, including expected completion dates, shall be submitted to NPCC Compliance before the end of the 60 calendar day period.

NPCC Compliance will review and approve the submitted mitigation plan(s) in conjunction with NERC, according to the NERC Compliance Monitoring and Enforcement Program (CMEP, Attachment 4c of the Rules of procedure, Section 6.0). The identified owner and/or operator will be notified by NPCC Compliance if there are any questions concerning the submitted mitigation plan(s).

As an additional clarification, all newly identified generation assets will need to be compliant with NERC standards CIP-002 through CIP-009 using Table 4 of the NERC CIP Implementation schedule.

NOTE: NPCC may revise this generation materiality Compliance Guidance Document at any time based on changes to the Statement of Compliance Registry Criteria or any other reliability issue.

**Reference Documents:**

- Statement of Compliance Registry Criteria, version 5.0
- NERC Rules of Procedure - Section 500 – Organization Registration and Certification
- NERC Rules of Procedure – Appendix 4C, Section 6.0