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

Transmission Planning Reliability Standards)

Docket No. RM11-18-000

**REQUEST OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR RECONSIDERATION, OR IN THE ALTERNATIVE, REHEARING OF ORDER
REMANDING THE TRANSMISSION PLANNING RELIABILITY STANDARDS**

Gerald W. Cauley
President and Chief Executive Officer
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001

Holly A. Hawkins
Assistant General Counsel for Standards and
Critical Infrastructure Protection
North American Electric Reliability
Corporation

David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
david.cook@nerc.net

Andrew M. Dressel
Attorney
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
andrew.dressel@nerc.net

May 21, 2012

I. INTRODUCTION

Pursuant to Rules 713 and 212¹ of the Federal Energy Regulatory Commission's ("FERC" or the "Commission") Rules of Practice and Procedure, 18 C.F.R. §§ 385.713 and 385.212, the North American Electric Reliability Corporation ("NERC") hereby requests reconsideration, or in the alternative, rehearing of the Commission's April 19, 2012 order remanding the proposed Transmission Planning Reliability Standard TPL-002-0b ("Order No. 762" or "Remand Order").² The Commission's Order No. 762 found that NERC's proposed Transmission Planning Reliability Standard TPL-002-0b, which includes a provision that allows for planned load shed in a single contingency provided that the plan is documented and alternatives are considered in an open and transparent process ("footnote b"), is vague, unenforceable and not responsive to the previous Commission directives on this matter. Accordingly, the Commission remanded NERC's proposal as unjust, unreasonable, unduly discriminatory or preferential, and not in the public interest. FERC also directed NERC to utilize its Expedited Standards Development Process to develop timely modifications to footnote b in response to its remand.

By this filing, NERC requests reconsideration, or in the alternative, rehearing of FERC's directive to respond to Order No. 762 using NERC's Expedited Standards Development Process. The Edison Electric Institute, American Public Power Association, Electric Power Supply Association, Electricity Consumers Resource Council, and the National Rural Electric Cooperative Association have authorized NERC to state that they support NERC's position in this filing.

¹ See, 18 C.F.R. §§ 385.713 and 385.212 (2009).

² Transmission Planning Reliability Standards, 139 FERC ¶ 61,060 (April 19, 2012) (Order No. 762).

II. STATEMENT OF ISSUE FOR REHEARING

Pursuant to 18 C.F.R. § 385.713, NERC seeks rehearing on one issue in Paragraph 21 of Order No. 762, in which FERC directed the following:

We urge NERC to develop in a timely manner an appropriate modification that is responsive to the Commission's directives in Order No. 693 and our concerns set forth in this Final Rule. In that regard, we require NERC to deploy its Expedited Reliability Standards Development Process to quickly respond to the remand. As the Commission noted in previous orders, the use of planned or controlled load interruption is a fundamental reliability issue and, certainty regarding the loss of non-consequential load for a single contingency event is warranted. Thus, using the Expedited Standards Development Process will more rapidly bring needed certainty to this fundamental reliability issue.³

Issue: The Commission should grant reconsideration, or in the alternative, rehearing of its directive to deploy NERC's Expedited Standards Development Process to quickly respond to the remand because the Expedited Standards Development Process provides a temporary solution to modify the standard that will require additional processing steps be taken within a year.

III. DISCUSSION OF ISSUE ADDRESSED BY THE REQUEST FOR REHEARING

In Order No. 762, FERC directed NERC to deploy its Expedited Standards Development Process to quickly respond to the Remand Order.⁴ FERC stated that NERC should use the Expedited Standards Development Process to rapidly bring more needed certainty to the fundamental reliability issue regarding the loss of non-consequential load for a single contingency event.⁵ Because the Expedited Standards Development Process will not result in a permanent fix to the standard, NERC is requesting that FERC reconsider its directive and allow NERC to modify footnote b in response to Order No. 762 using an aggressive schedule, but without formally invoking the Expedited Standards Development Process.

The Expedited Standards Development Process requires that one of three actions take place once a standard is developed using the expedited process. These actions are:

³ Order No. 762 at P 21.

⁴ *Id.*

⁵ *Id.*

- If the Reliability Standard is to be made permanent without additional substantive changes, then a SAR and a proposed Reliability Standard shall be submitted to the Reliability Standards staff immediately after the ballot. The project shall be added to the list of approved projects and shall proceed through the regular standard development process, including balloting by stakeholders, without any intentional delay.
- If the Reliability Standard is to be substantively revised or replaced by a new Reliability Standard, then a project for the new or revised Reliability Standard shall be added to the list of projects to be added to the Reliability Standard Development Plan. The project shall be initiated as soon as practical after the ballot and the project shall proceed through the regular Reliability Standard development process, including balloting by stakeholders, as soon as practical but within two years of the date the Reliability Standard was approved by stakeholders using the expedited process.
- The Reliability Standard shall be withdrawn through a ballot of the stakeholders within two years of the date the Reliability Standard was approved by stakeholders using the expedited process.⁶

At a minimum, with no substantive changes to the standard, if required to formally invoke the Expedited Standards Development Process, NERC will be required to develop a new SAR within a year and proceed through the regular standards development process. This could add months or even years to the process depending on where the standard falls in NERC's prioritization efforts, thereby delaying the possibility of obtaining a permanent fix to the footnote sooner. NERC believes going through these extra process steps, as required by the *Standard Processes Manual*, one year after responding to the remand is unnecessary given the considerable time already spent by NERC, FERC, and the industry in studying this issue and addressing it through the standards development process.

NERC understands the urgency in responding to Order No. 762 and producing revisions to footnote b that address the use of planned or controlled load interruption for single contingency events in response to the order. For this reason, NERC is working to revise the footnote on an aggressive schedule that will result in a permanent fix to the footnote. Formally

⁶ North American Electric Reliability Corporation, *Standard Processes Manual*, Appendix 3A to the NERC Rules of Procedure. Available at: http://www.nerc.com/files/Appendix_3A_StandardsProcessesManual_20120131.pdf.

invoking the Expedited Standards Development Process will only slow down NERC's ability to develop a permanent solution to the footnote. Additionally, given NERC's efforts in prioritizing standards development, along with the significant work already undertaken by the standard drafting team and the industry to address this issue, requiring the Expedited Standards Development Process to be formally invoked is unnecessary and will serve to delay the implementation of a permanent solution to the issue.

NERC and the standard drafting team have made concerted efforts to address the footnote b issue since FERC issued an Order on March 18, 2010 directing NERC to respond to the Order No. 693 directives on this subject.⁷ The standard drafting team has held numerous meetings to discuss this issue, all of which have been noticed and open to the public. Additionally, the industry has reviewed several iterations of footnote b. Any additional changes made to the footnote at this point will be in direct response to the Commission's guidance in Order No. 762. Importantly, NERC's proposed schedule to revise footnote b will allow time for industry review and balloting in accordance with NERC's standards development process, while still responding to Order No. 762 expeditiously.

NERC therefore respectfully requests that FERC withdraw its directive to formally invoke the Expedited Standards Development Process, and instead allow NERC to respond to the Remand Order using an aggressive schedule that will deliver a footnote responsive to Order No. 762 to the NERC Board of Trustees for consideration at the February 2013 meeting. This schedule will give NERC the ability to process footnote b revisions using its regular standards development process, but with some possible shortening of comment periods where the process so allows, while working to obtain industry consensus on a permanent solution to the footnote.

⁷ Mandatory Reliability Standards for the Bulk Power System, 130 FERC ¶61,200 (March 18, 2010).

The NERC Standards Committee agreed to process the footnote b revisions using an aggressive schedule at its meeting held on May 10, 2012. At that meeting, the Standards Committee resolved to:

- Authorize posting the SAR to revise TPL-002 Footnote b for informal comment with no obligation to respond to the comments
- Assign the work to the existing standard drafting team
- Waive the initial 30-day comment period
- Post the following for a 45-day comment period with the formation of a new ballot pool during the initial 30 days of the comment period and an initial ballot during the last 10 days of the comment period:
 - TPL-001, TPL-002, TPL-003, TPL-004 from Project 2011-02 with the new Footnote b
 - TPL-001 from Project 2006-02 with the new Footnote b
- Direct the drafting team to vet the proposed revision informally before posting formally to gain assurance that the posted version of Footnote b will have stakeholder support.

Additionally, the Standards Committee agreed to support the above proposal on a project schedule to deliver the standard to the February 2013 Board of Trustees Meeting.

Part of the consideration in developing this timeline was FERC's directive in Order No. 762 to use Section 1600 of the NERC Rules of Procedure to gather additional data on specific instances of any planned interruptions of Firm Demand⁸ under footnote b, including how frequently the provision has been used. NERC is working to develop a data request responsive to the Commission's directive that can be used to inform the standards development process.⁹ However, obtaining data through the Section 1600 process will also take additional time that will be necessary to fully understand the impacts of past uses of footnote b in revising the footnote.

Finally, in responding to Order No. 762, NERC plans to amend footnote b in such a manner that the footnote can be applied to both the existing TPL-002-0b standard as well as to

⁸ NERC Glossary of Terms Used in Reliability Standards defines Firm Demand as "That portion of the Demand that a power supplier is obligated to provide except when system reliability is threatened or during emergency conditions." Available at http://www.nerc.com/files/Glossary_of_Terms.pdf.

⁹ The NERC Board of Trustees approved acting expeditiously on issuing a Section 1600 Data Request at its May 9, 2012 meeting.

the proposed TPL-001-2 standard filed with the Commission on October 19, 2011.¹⁰ That standard was proposed to be remanded by the Commission in an April 19, 2012 Notice of Proposed Rulemaking because of the inclusion of footnote b in the standard (*i.e.*, footnote 12 in the proposed standard).¹¹ NERC plans on revising the footnote and balloting it in such a way that it can be included in both the currently-effective TPL-002-0b standard and the proposed TPL-001-2 standard, and presenting both options to the NERC Board of Trustees for approval at its February 2013 meeting. NERC will file the revised footnote b in response to the Commission's Order No. 762 along with an amended TPL-001-2 petition that modifies footnote 12 consistent with the changes made to footnote b by the end of February 2013.

Given NERC's plans to respond to the remand expeditiously and to address both TPL-002-0b, footnote b and TPL-001-2, note 12 by February 2013, NERC urges the Commission to defer issuing a final order on the proposed TPL-001-2 standard until the revised footnote can be presented to the NERC Board of Trustees and filed with FERC for approval in February 2013. This will ensure that both footnote b and note 12 are consistent with the Commission's guidance in Order No. 762.

Accordingly, NERC respectfully requests the Commission grant reconsideration, or in the alternative rehearing, of its directive to formally invoke the Expedited Standards Development Process in response to the directive in Paragraph 21 of Order No. 762 in order to allow NERC and the industry the opportunity to produce a revised footnote b that is responsive to the Commission's order.

¹⁰ Petition of the North American Electric Reliability Corporation for Approval of a Revised Transmission Planning System Performance Requirements Reliability Standard and Five New Glossary Terms and for Retirement of Four Existing Reliability Standards, FERC Docket No. RM12-1-000, October 19, 2011.

¹¹ Transmission Planning Reliability Standards, Notice of Proposed Rulemaking, 139 FERC ¶61,059 (April 19, 2012).

IV. CONCLUSION

For the reasons set forth in this filing, NERC requests that FERC grant reconsideration, or in the alternative, rehearing, of its directive in Paragraph 21 of Order No. 762 to afford NERC time to respond to the order and produce a permanent fix to the standard.

Gerald W. Cauley
President and Chief Executive Officer
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001

David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
david.cook@nerc.net

Respectfully submitted,

/s/ Holly A. Hawkins

Holly A. Hawkins
Assistant General Counsel for Standards
and Critical Infrastructure Protection
North American Electric Reliability
Corporation

Andrew M. Dressel
Attorney
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
andrew.dressel@nerc.net

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 21st day of May, 2012.

/s/ Holly A. Hawkins
Holly A. Hawkins
*Attorney for North American Electric
Reliability Corporation*