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

**INTERPRETATIONS OF OPERATIONAL)
RELIABILITY INFORMATION)
AND RELIABILITY COORDINATION—) **Docket No. RM10-8-000**
CURRENT-DAY OPERATIONS)
RELIABILITY STANDARDS)**

**COMMENTS OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
IN RESPONSE TO NOTICE OF PROPOSED RULEMAKING**

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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”)¹ hereby provides these comments in response to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Notice of Proposed Rulemaking (“NOPR”)² regarding interpretations of Reliability Standards TOP-005-1—Interconnection Reliability Operations and Coordination and IRO-005-1—Transmission Operations Reliability Standards. In the NOPR, the Commission proposed to approve interpretations of the Reliability Standards developed and approved by NERC. Manitoba Hydro requested the interpretations, asserting that a Special Protection System should not be considered “degraded” if it is operating with one communication channel out of service, as long as the Special Protection System can function with only one communication channel in service. NERC’s proposed interpretations are consistent with Manitoba Hydro’s assertions. Specifically in the TOP-005-1 Interpretation, NERC stated that:

“If the loss of a communication channel will result in the failure of an SPS to operate as designed, then the Transmission Operator would be mandated to report that information. On the other hand, if the loss of a communication channel will not result in the failure of the SPS to operate as designed, then such a condition can be, but is not mandate to be, reported.”

In proposing to approve the interpretation, the Commission noted a concern that the interpretation highlights a potential gap in reliability –that a Special Protection System that has lost a communication channel could compromise system reliability because it is not considered a reportable event under the current reporting requirements. The Commission therefore is proposing in the NOPR to direct NERC to develop modifications to the TOP-005-1 and IRO-

¹ The Federal Energy Regulatory Commission (“FERC” or “Commission”) certified NERC as the electric reliability organization (“ERO”) in its order issued on July 20, 2006 in Docket No. RR06-1-000. *North American Electric Reliability Corporation*, “Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing,” 116 FERC ¶ 61,062 (July 20, 2006).

² *Electric Reliability Organization Interpretations of Interconnection Reliability Operations and Coordination and Transmission Operations Reliability Standards*. 133 FERC ¶ 61,234 (December 16, 2010) (“NOPR”).

005-1 standards through NERC's Reliability Standards Development Process to address this potential reliability gap.

By this filing, NERC submits its response to the NOPR.

II. NOTICES AND COMMUNICATIONS

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

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*Persons to be included on the Commission's service list are indicated with an asterisk.

III. DISCUSSION

A. The NOPR Proposal to Add Additional Reporting Requirements When One Communication Channel Is Unavailable for a Special Protection System is Not Necessary for Bulk Power System Reliability.

In the NOPR, the Commission proposed to approved NERC's interpretation of Requirement R3 of TOP-005-1.1 — Operational Reliability Information, and Requirement R12 of FERC-approved NERC Reliability Standard IRO-005-2 — Reliability Coordination - Current Day Operations. The proposed interpretation to TOP-005-1 provides that the loss of communication channels that will not result in the failure of a Special Protection System to operate as designed can, but is not mandated to, be reported to the Reliability Coordinator.

FERC agreed with NERC's analysis that the failure of a Special Protection System to operate as designed is, for the purposes of reliable operation, degraded and reportable under Reliability Standards TOP-005-1.1 and IRO-005-2. However, the Commission expressed concern that the proposed interpretation to TOP-005-1 may create a reliability gap concerning the reporting requirements for a Special Protection System that is able to operate as designed but still poses a reliability risk to the bulk power system with the loss of a single communication channel with redundant design. Accordingly, the Commission is proposing to direct NERC to develop modifications to Reliability Standards IRO-005-2 and TOP-005-1.1 to address the potential reliability gap of ensuring that a component failure, wherein a Special Protection System may not be able to perform as designed to ensure required Bulk-Power System performance, is reported to the appropriate reliability entities.

NERC disagrees with the Commission's proposal. The simple fact that one communication channel of a Special Protection System may be out of service in no way prevents that Special Protection System from performing its designed function. While the loss of one communication channel may be of interest to a Reliability Coordinator or Transmission Operator, the Commission is incorrectly asserting that an entity will change its operations due to this fact. The team of industry experts that developed this interpretation did not determine this to be the case. The determination of that team, which was made up of representatives of several Reliability Coordinators and Transmission Operators, is that a Reliability Coordinator or Transmission Operator will operate as usual in situations where a Special Protection System is operating normally, even if a communication channel is out of service, and not in a more conservative fashion.

NERC agrees that the knowledge of the loss of a communication channel could be of general interest to a Reliability Coordinator or Transmission Operator. Standard Drafting Teams currently working on the IRO and TOP families of standards are revising the data exchange requirements in those standards to allow Reliability Coordinators and Transmission Operators to request any and all information that they feel is necessary for them to protect the reliability of the Bulk Electric System. This information could include the status of communication channels for Special Protection Systems if so desired by the Reliability Coordinator or Transmission Operator.

More generally, NERC urges the Commission to refrain from choosing the opportunity of an interpretation to issue yet more directives. As NERC stated in its December 23, 2010 filing proposing revisions to the standards development process,³ the Commission can influence the effective administration of the directives process. The Commission diminishes its authority and undercuts the role of the electric reliability organization when it issues large numbers of section 215(d)(5) directives. The Commission noted in the September 16, 2010 Order Denying Rehearing,⁴ that:

By the same token, when the Commission issues a specific directive pursuant to section 215(d)(5), it should be supported by a clear technical rationale that explains how the directive is related to Bulk-Power System reliability.⁵

The Commission's NOPR proposal to direct modifications to Reliability Standards IRO-005-2 and TOP-005-1.1 does not provide a sufficient technical rationale to justify the imposition of these additional directives, when the Reliability Standards already include a mechanism for

³ See, Compliance Filing of the North American Electric Reliability Corporation in Response to March 18, 2010 Commission Order Directing Revisions to Standards Development Procedure, Docket No. RR09-6-000 (December 23, 2010).

⁴ *Order Denying Rehearing, Denying Clarification, Denying Reconsideration, and Denying Request for a Stay*, 132 FERC ¶61,218 (September 16, 2010) ("Rehearing Order").

⁵ Rehearing Order at P 53.

Reliability Coordinators to get this information. Accordingly, NERC encourages the Commission to refrain from issuing a directive in response to its proposed approval of the interpretations. NERC's rules call for Reliability Standards to be reviewed on a regular cycle. Should the Commission have detailed edits it wishes to see in a standard, it can always convey those suggested edits as items for consideration during the next scheduled review of that standard.

IV. CONCLUSION

NERC respectfully requests that the Commission take action consistent with these comments when it issues its Final Rule regarding the proposed interpretations of Reliability Standards TOP-005-1 and IRO-005-1.

Respectfully submitted,

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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 7th day of February, 2011.

/s/ Holly A. Hawkins
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