

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Consideration of Comments Summary

Project 2012-05 ATC Revisions (MOD A)

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RELIABILITY | ACCOUNTABILITY



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Consideration of Comments

Project 2012-05 ATC Revisions (MOD A)

Comment Form

Combined Question 1, Question 2, and Question 3 Summaries

The Project 2012-05 Drafting Team thanks all commenters who submitted comments on the draft MOD-001-2 standard. This standard was posted for a 45-day public comment period from July 11, 2013 through August 27, 2013. Stakeholders were asked to provide feedback on the standard and associated documents through a special electronic comment form. There were 51 sets of comments, including comments from approximately 160 different people from approximately 106 companies representing all 10 of the Industry Segments as shown in the table on the following pages.

All comments submitted may be reviewed in their original format on the standard's [project page](#).

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Mark Lauby, at 404-446-2560 or at mark.lauby@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

¹ The appeals process is in the Standard Processes Manual:

http://www.nerc.com/pa/Stand/Resources/Documents/Appendix_3A_StandardsProcessesManual.pdf

Introduction

The Standard Drafting Team (SDT) appreciates the industry comments on the proposed Reliability Standard MOD-001-2 and accompanying documents, such as the implementation plan and mapping document. Additionally, the SDT appreciates the comments in support of the proposed Reliability Standard and the consolidation of existing Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-1, MOD-029-1a, and MOD-030-2 into a single Reliability Standard. Below is a summary of the comments received and a discussion of the SDT's response to those to those comments, including modification of the proposed Reliability Standard, following in-depth discussion.

Standards Authorization Request (SAR)

One commenter stated that the Independent Experts recommendations should be included in the Standards Authorization Request (SAR) and addressed by the SDT. The SDT noted that prior to posting the SAR and the proposed Reliability Standard for ballot, an informal ad hoc group working on the MOD standards covering Available Transfer Capability (ATC), many of whom are part of the SDT, reached out to the Independent Experts to discuss their recommendations. The SDT considered these discussions when drafting the SAR and proposed MOD-001-2.

Another commenter stated that the assessment and resolution of the Independent Experts Review Panel Report should be added to the scope of the SAR. The SDT noted that the report was not presented to the NERC Board of Trustees (Board) at the time the SAR was authorized. However, as mentioned above, the informal ad hoc group members did interact with the Independent Expert's during the informal development period and considered those discussions when drafting the SAR.

Another commenter requested clarification as to the meaning of "lessons learned" in the purpose section of the SAR. The SDT stated that those lessons learned include best practices by entities, sharing of those best practices, compliance audit experiences, and growth and maturity of the markets.

The SAR was revised based on industry comment and submitted to the NERC Standards Committee (SC) for approval. A redlined version of the SAR can be found on the project page.²

"Prepare, keep current, and implement"

There were several comments that the phrase "prepare, keep current, and implement" is vague and ambiguous. The existing FERC-approved Reliability Standards use the language "prepare and keep current" to refer to the actions entities must take with respect to various implementation documents. Based on compliance history and lessons learned from more-than-six plus years of mandatory compliance, the word "implement" was added to further substantiate that if a registered entity has an implementation document.

Based on these comments, the SDT considered this issue in detail and decided to modify the language in Requirements R1, R2, R3, and R4 to clarify the performance expectation. For example, the new language in Requirement R2 reads, *"Each Transmission Service Provider that determines AFC or ATC shall develop an Available Transfer Capability Implementation Document (ATCID) that describes the methodology (or methodologies) it uses to determine ATC or AFC values. The methodology (or methodologies) described must reflect the Transmission Service Provider's current practices for determining AFC or ATC values."* The language within Requirement R2 as shown above retains the SDT's intent of the Requirement while removing the ambiguous language of the phrase "prepare, keep current, and implement." This was also carried out in Requirements R1, R3, and R4.

² <http://www.nerc.com/pa/Stand/Pages/Project201205MODAAvailableTransferCapability.aspx>

Approach in Consolidating Standards

One commenter stated that consolidating the MOD Reliability Standards into a single Reliability Standard loses most of the guidance being provided by NERC. The commenter added that this new Reliability Standard no longer calls for any aspect of coordination between adjacent entities. The SDT noted that informal development eliminated much of the instructional detail from the existing MOD-001, MOD-004, MOD-008, MOD-028, MOD-029 and MOD-030 Reliability Standards because those details provide little to no reliability benefit. Significantly, the SDT is also actively working to have NAESB review the retiring requirements to ensure that those aspects critical to the business aspects of Available Flowgate Capability (AFC) and Available Transfer Capability (ATC) values are not lost. Much of the material in the existing MOD Reliability Standards was, as the commenter puts it, “guidance”, which while helpful from a technical standpoint is not appropriate in a NERC Reliability Standard. Additionally, a technical white paper was posted on NERC’s website that encapsulated much of the material that was in the prior publications of NERC on the determination of Total Transfer Capability (TTC), Total Flowgate Capability (TFC), Capacity Benefit Margin (CBM), Transmission Reliability Margin (TRM), AFC and ATC values and in the existing Reliability Standards to ensure that the guidance currently provided by the standards and those documents was not lost.

The SDT also revised the proposed standard to strengthen the language on coordination between registered entities in Requirements R1.3 and R2.2 with request to reliability constraints, and captured the essence of the material that is present in the current MOD-030 Reliability Standard. The SDT also noted that all of the other coordination aspects from the existing Reliability Standards - such as method sharing and data sharing - are present in the new Reliability Standard.

Administrative Comments

One commenter stated that the Reliability Standard should be consistent in its use of acronyms (i.e. ATC or AFC, AFC or ATC). The SDT went through the standard to ensure that the use of acronyms was consistent. The SDT also went through the standard to spell out the acronyms the first time it was used and use the acronym for any subsequent references.

There was a comment to use the term “registered entity” be used in place of “entity” in various components of MOD-001-2, specifically Measure M1, rationale for Requirement R6, Part 1.2, evidence retention, and the Violation Severity Levels (VSLs) for Requirements R5 and R6. In response, the SDT has implemented the suggestion.

Title

A commenter stated that the Reliability Standard title should be changed to “Communicating Available Transmission System Capability to the Markets.” In response, the SDT reasoned that this standard encompasses more aspects of Available Transmission System Capability than just market communication.

Applicability Section

Several commenters suggested an exemption clause for smaller Transmission Operators (TOPs) that do not operate facilities that a Transmission Service Provider (TSP) uses to provide transmission service. Furthermore, commenters do not perceive any reliability benefits to including a TOP that (1) does not operate facilities that are not part of a Flowgate or transfer path; (2) does not have a monitored Facility of a permanent Flowgate in the Eastern Interconnection, a major transfer path within the Western Interconnection, or a comparable monitored Facility in the ERCOT or Quebec Interconnections; and (3) is not a monitored Facility included in an Interconnection Reliability Operating Limit (IROL). In response, the SDT modified Requirement R1 to make it clear that the requirement addresses the concerns of the TOP that only calculates System Operating Limits (SOLs) and does not calculate TTC or TFC.

Define ERCOT

With respect to the exemption of entities operating within the Electric Reliability Council of Texas (ERCOT), there was a commenter who requested a definition of ERCOT. FERC Order No. 729, Paragraph 298, states “...we believe that it is appropriate to exempt entities within ERCOT from complying with these Reliability Standards. We agree, due to physical difference of ERCOT’s transmission system, the MOD Reliability Standards approved herein would not provide any reliability benefit within ERCOT.” Therefore, the SDT kept functional entities within ERCOT as the exempt registered entities. The revised Reliability Standard will spell out the acronym in the applicability section.

Another commenter sought similar applicability exclusion for the ISO New England (ISO-NE) market. The SDT determined that granting additional exemptions was outside the scope of its responsibility.

Purpose Section

There were several general comments with regard to the purpose section of MOD-001-2. One commenter stated that there was a reference to the Reliability Coordinator (RC), yet there was no indication as to how or why the RC would use the information. Based on comments, the purpose section has been modified.

Mapping Document

There was a comment that Requirement R1.2 of MOD-029-1a within the mapping document was omitted. The SDT appreciates the commenter’s careful review of the mapping document and included that sub-requirement in the latest revision.

NAESB Coordination

There were several comments regarding the perceived lack of coordination with the North American Energy Standards Board (NAESB). NERC and FERC have been in contact with NAESB about the efforts during the informal development of the MOD A project and have continued to coordinate their efforts.

NERC Functional Model

With respect to the aforementioned discussion topics of the responsibilities of the TOP and TSP, there were several comments relating to inconsistencies between the NERC Glossary of Terms Used in Reliability Standards and the NERC Functional Model. This is outside the scope of the SDT and this project.

Consideration of Comments by Requirement

Requirement R1

Rationale Section

There was a comment to add the words “TFC and TTC” before the word “values” in the Rationale. In response, the SDT has inserted the requested language. The SDT has modified the Rationales to add the commenter’s suggestion where appropriate.

Justification for Assigning the TTC or TFC Calculation to the TOP

TFC and TTC values are important to the reliability of the Bulk-Power System (BPS) when they are used to determine AFC and ATC or in the Real-time operation of the transmission system. The TOP needs to calculate a TFC or TTC value that protects reliability both on its system and neighboring systems. The TOP is the registered entity that performs such calculations, as described in Section 6 of the NERC Functional Model. Therefore, the TFC and TTC calculation is properly assigned to the TOP. While TFC and TTC are used for commercial purposes (i.e., AFC and ATC), their determination and calculation is reliability based. This can also be concluded from their NERC definitions provided below.

Furthermore, the current applicability of TTC per MOD-028 and MOD-029 is with the TOP. Registered entities have aligned their practices to conform and be compliant with the existing MOD Reliability Standards. Changing this assignment to the TSPs would cause burdens and would be inconsistent with NERC Glossary terms and NERC Functional Model.

Due to the TFC and TTC calculation being properly assigned to the TOP, it follows that the TRM shall also be determined by the TOP. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. Finally, it is also stated in the NERC definition of the TRMID that this is a TOP function and not a TSP function.

Transmission Operator

The TOP operates or directs the operation of transmission facilities, and maintains local-area reliability, that is, the reliability of the system and area for which the TOP has responsibility. The TOP achieves this by operating the transmission system within its purview in a manner that maintains proper voltage profiles and System Operating Limits, and honors transmission equipment limits established by the TO.

Total Transfer Capability

The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.

Total Flowgate Capability

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 Reliability Margin

The amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change.

Transmission Reliability Margin Implementation Document

A document that describes the implementation of a TRM methodology, and provides information related to a TOP's calculation of TRM.

The SDT had lengthy discussion about Requirement R1 and its applicability. During the discussion, the SDT reviewed the terminology used for Transfer Capability and TTC.

1. Transfer Capability – (as defined in the NERC Glossary of Terms)

The measure of the ability of interconnected electric systems to move or transfer power in a reliable manner from one area to another over all transmission lines (or paths) between those areas under specified system conditions. The units of transfer capability are in terms of electric power, generally expressed in megawatts (MW). The transfer capability from "Area A" to "Area B" is not generally equal to the transfer capability from "Area B" to "Area A."

2. Total Transfer Capability – (as defined in the NERC Glossary of Terms)

The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.

The current TOP and FAC Reliability Standards require the TOP to establish and calculate SOLs that ensure acceptable performance criteria both pre- and post-contingency. In doing so, TOPs perform power flow analyses that reflect the expected system condition in the BPS for a specified system condition.

In a similar manner, a transfer analysis needs to be performed to ensure that the Transfer Capability and its associated TTC are established in a manner that respects SOLs for any specified system conditions. In other words, these transfer analyses are normally performed with the objective of establishing a TTC/TFC that respects SOLs – not necessarily to determine the SOL itself (i.e., this analysis will simulate power system transfers and establish a TTC/TFC that does not cause Facility Ratings, voltage limits, transient stability limits, and voltage stability limits to be exceeded in the pre- and post-contingency state). While TTC/TFC may not equate to an SOL itself, TTC/TFC needs to be calculated by the registered entity that is responsible for ensuring that Facility Ratings, voltage limits, transient stability limits, and voltage stability limits are respected in the pre- and post-contingency state. As such, it is appropriate for the TOP to be the registered entity responsible for determining TTC/TFC.

There is an important caveat that must be acknowledged. As noted above, transient and voltage stability limits are calculated and expressed as pre-contingent path or interface flow values. Accordingly, transfer analyses are required to establish the transient and voltage stability limits. It is possible that transient stability limits and voltage stability limits may define TTC/TFC for certain paths, rendering TTC/TFC and the path's SOL to be the same value. Even still, the new paradigm is upheld – TTC/TFC respects the SOL.

TOPs that do not calculate AFC/ATC or TFC/TTC due to the Regional Transmission Organization performing the role

There were several commenters who stated the TOPs should not be obligated to perform duties they do not actually perform in practice. In response, the revised posting in Requirement R1 states, "Each Transmission Operator that determines TFC or TTC" at the opening of the requirement, so the requirement only places an obligation upon a TOP if they calculate TFC or TTC. The requirement does not obligate a TOP to calculate TFC or TTC, nor does it preclude the use of a Coordinated Functional Registration for the TOP to assign the role to another registered entity.

Revisions to Requirement R1

Based on comments on Requirement R1, the SDT made several revisions to Requirement R1, as discussed below.

A number of commenters raised issues about the fourth bullet of Requirement R1, Part 1.1 of the posted standard. There was a comment that the bullet is informational and not a reliability issue. Another commenter suggested that this statement should be modified to first include a requirement that the methodology be provided to the TSP by the TOP, before it addresses the periodicity of the provision. One commenter wanted clarification on whether or not the periodicity highlighted in Requirement R1, Part 1.4 implies that any updates to TFC or TTC should be regularly scheduled, or, provided on an as needed basis. The commenter maintained that in the absence of significant changes to a path, requiring a specific cycle of updates is arbitrary to both functional entities. In response, the SDT removed this provision from the proposed Reliability Standard as it does not contain a reliability component.

One commenter requested clarification as to whether the Power Transfer Distribution Factor (PTDF) and Outage Transfer Distribution Factor (OTDF) five percent threshold value in Requirement R1.3.1 has the same meaning as it does in MOD-030-2. Another commenter stated that the language in Requirement R1.3.1 is confusing and that how the PTDFs and OTDFs are calculated needs to be defined. In response, the SDT rewrote the posted portion mentioning the PTDF and OTDF thresholds and revised the language.

There was a comment in regard to Requirement R1, Part 1.2. There was concern in the third bullet about the inclusion of “projected” transmission uses and what the SDT meant by currently approved and projected transmission uses. The commenter stated that this is unclear and needs further refinement. In Requirement R1, Part 1.2, the SDT was attempting to say that the determination of TFC, TTC, AFC and ATC needs to include the effect of expected transmission use. Depending on the system being studied, the expected transmission use may be the full amount of reservations, or the expected use of those approved reservations. In some cases the underlying model for TTC may even include forecasted uses that are not officially approved, due to their impact on reliability. In order to address this, the SDT is using the phrase “expected transmission uses” to cover all of those situations.

Requirement R2

Several commenters who use the AFC methodology expressed concerns that coordination between neighboring TSPs was not occurring in the revised version of the Reliability Standard. The SDT discussed this concern and agreed to add language to Requirement R2 that reflects the coordination between TSPs that calculate AFC.

Several commenters suggested adding the same language from Requirement R1 into Requirement R2 for TSPs that calculate AFC or ATC. The language in Requirement R1 reads, “Each methodology shall describe the method used to account for each of the following elements, provided such elements impact the determination of TFC or TTC.” Another commenter suggested that the language was not clear as to what information is required in a TSP’s ATCID. The SDT added language to Requirement R2 for those elements that impact the determination of AFC or TTC.

Other commenters requested clarification on the frequency of AFC or ATC calculations of and how the technical issues are addressed when there is a failure in the process and the calculation of AFC or ATC values does not occur. The SDT discussed these comments and concluded that this situation should be identified in the registered entity’s ATCID. Therefore, the SDT did not make a change.

Some commenters suggested that the equation for calculating AFC or ATC should be included as a requirement. The SDT considered this suggestion and noted that it is not necessary for reliability purposes to include the

equation for calculating AFC or ATC in the standard. Noted, however, the equation should be included as part of a registered entity's ATCID and the equation for ATC is a NERC-defined term.

Requirement R3

The SDT received several comments related to Requirements R3 and R4 to maintain a CBMID or TRMID even if the registered entity does not maintain CBM or TRM, respectively. After discussion, the SDT modified Requirements R3 and R4 and removed the requirement to have a specific document labeled CBMID or TRMID. Additionally, the SDT made updated Measures M3 and M4 to reference examples of evidence that may be used to meet Requirements R3 and R4. The SDT recognizes that some TSPs do not need to exercise CBM while others may handle transparently within their Transmission Service Requests (TSRs). However, the SDT agreed there is a reliability benefit in TSP's accurately documenting their application of CBM for review by their neighboring TOPs and TSPs. The SDT thus reworded Requirement R3 to provide that CBM may be used in the AFC/ATC and when used, to require a CBMID. When not used, a CBMID is not required.

The SDT received several comments questioning if Requirement R3 is reliability related. The proposed Reliability Standard does not require a registered entity to use CBM; however if the registered entity uses CBM, then it must accurately describe the current process of calculating CBM so that can be shared with other entities with a reliability need to understand its process. The SDT concluded that the disclosure of this methodology satisfies the reliability goal of transparency in these calculations.

One commenter stated that an Energy Emergency Alert 2 (EEA 2) or higher may be covered in EOP-002 Requirement R9. The SDT reviewed the proposed language in Requirement R3 of MOD-001-2 and discussed a proposal to strike the language of "... to protect system reliability during a declared NERC Energy Emergency Alert 2 or higher." The SDT removed the language that specifically tied CBM to a particular condition. NAESB business practice standards and other established references define and point to the use of CBM. Being prescriptive in the NERC Reliability Standard would limit NAESB's ability to further define the role of CBM and create a conflict if the NERC EEA definitions are changed.

One commenter suggested adding language asking TSPs to state the frequency of updates for CBM within their CBMID. The SDT discussed this suggestion, but came to consensus that adding such language is unnecessary because Requirement R5 allows for entities to request clarifications of a TSP's methodology, which may include the frequency of update.

Measure M3

The language, "if the TSP does not maintain CBM then example of evidences include but are not limited to; an affidavit, statement, or other document that states the TSP does not maintain CBM ..." was added to Measure M3 to clarify what evidence is necessary if the TSP does not maintain CBM.

Requirement R4

The SDT received several comments related to Requirements R3 and R4 to maintain a CBMID or TRMID even if the registered entity does not maintain CBM or TRM, respectively. After discussion, the SDT modified Requirements R3 and R4 and removed the requirement to have a specific document labeled CBMID or TRMID. Additionally, the SDT made updated Measures M3 and M4 to reference examples of evidence that may be used to meet Requirements R3 and R4. The SDT recognizes that some TSPs do not need to exercise TRM while others may handle transparently within their TSRs. However, the SDT agreed there is a reliability benefit in TSP's accurately documenting their application of TRM for review by their neighboring TOPs and TSPs. The SDT thus reworded Requirement R4 to provide that TRM may be used in the AFC/ATC and when used, to require a TRMID. When not used, a TRMID is not required.

The SDT received several comments questioning if Requirement R4 is reliability related. The proposed Reliability Standard does not require a registered entity to use TRM; however, if the registered entity uses TRM, then it must accurately describe the current process of calculating TRM so that it can be shared with other entities with a reliability need to understand its process. The SDT concluded that this disclosure of methodology simultaneously satisfies reliability requirements and the goal of transparency.

Measure M4

There was a comment that stated an example of evidence should not include a study report. In the NERC Standards Process Manual, a measure is defined as “identification of the evidence or types of evidence that may demonstrate compliance with the associated requirement.” In the existing MOD-004-1 Reliability Standard, the measures include “studies” as examples of evidence. In the existing MOD-008-1 Reliability Standard, the measures include “study reports”. The SDT struck the posted language of “such as a study report”, as the listing of a study report as a form of evidence caused some concern within industry since not all TRM values are the result of a study report. The SDT considered a comment made referencing Measure M4’s inclusion of “a demonstration, such as a study report” as an example of evidence that may be used to meet Requirement R4 and that this example of evidence is absent in MOD-008-1. This is an example of evidence in Measure M4 and not required evidence to meet Requirement R4. Additionally, MOD-008-1 does have “study reports” as an example of evidence that may be used to meet requirements in MOD-008-1. As a result of discussion, the SDT added additional examples of evidence in Measure M4 that may, but are not required to, be used to meet Requirement R4.

The language “... for a TOP that does not maintain TRM examples of evidence include, but are not limited to: an affidavit, statement, or other document stating that the TOP does not maintain TRM ...” was added to Measure M4 to clarify what evidence is necessary if the TOP does not maintain TRM.

Requirement R5

There were many commenters who expressed concern regarding an error within Requirement R5, Parts 5.2.1 and 5.3.2. The SDT noted that this error has been fixed in the newly posted MOD-001-2.

There was a clarifying remark asking about the 30 calendar days to respond to a written request. To mirror with the applicable FAC Reliability Standards, specifically FAC-011 and FAC-013, the SDT modified the 30 calendar days to 45 calendar days.

There were several comments that the language “referencing this requirement” is unclear. The intent of the language is for everyday routine communications to not be rolled into the reliability intent of the requirement. The SDT made a clarifying change and added the word “specific” in front of requirement to demonstrate that a requesting registered entity must reference the specific requirement when making a request. Based on industry comments this word was added to specify that the request for information must reference Requirement R5 in order to invoke Requirement R5, so that a request for information under the Reliability Standard could be distinctly separate from a routine request for information.

There was a comment on FERC directive S-Ref 10206, Order 729 Paragraph 151, in which the directive notes that those entities requesting the information with a reliability need shall demonstrate such need to the ERO. The existing language in Requirement R5 is explicit. In lieu of forcing the ERO to determine who has a reliability need for the information, the SDT decided to leave it to the entities to work out a solution.

Measure M5

There was a comment that there is no example of evidence for the TOP. The SDT reviewed the measure and added examples of evidence to include the TOP.

Confidentiality

One commenter stated that the “subject to confidentiality, regulatory, or security requirements” language may be unclear. In response, the SDT added “the data owner’s” before the word “confidentiality”. The SDT noted that this refinement will clarify whose confidentiality, regulatory, or security requirements are in place.

Requirement R6

One commenter stated that Requirement R6, Part 6.2 is not really a distinct requirement and the verbiage should be included as a second sentence to Requirement R6, Part 6.1. Furthermore, the commenter stated that Requirement 6, Part 6.1 does not need to be separate but should be included at the end of Requirement R6. In summation, the commenter suggested that Requirement R6, Parts 6.1 and 6.2 be moved to the end of Requirement R6. In response, the SDT reviewed and reformatted the requirement to incorporate both simple data-request instances and requests for periodic data to be shared.

There was a clarifying remark asking about the 30 calendar days to respond to a written request. To mirror with the applicable FAC Reliability Standards, specifically FAC-011 and FAC-013, the SDT modified the 30 calendar days to 45 calendar days.

There were several comments that the language “referencing this requirement” is unclear. The intent of the language is for everyday routine communications to not be rolled into the reliability intent of the requirement. The SDT made a clarifying change and added the word “specific” in front of requirement to demonstrate that a requesting registered entity must reference the specific requirement when making a request. Based on industry comments this word was added to specify that the request for information must reference Requirement R6 in order to invoke Requirement R6, so that a request for information under the Reliability Standard could be distinctly separate from a routine request for information.

Confidentiality

One commenter stated that the “subject to confidentiality, regulatory, or security requirements” language may be unclear. In response, the SDT added “the data owner’s” before the word “confidentiality”. The SDT noted that this refinement will clarify whose confidentiality, regulatory, or security requirements are in place.

MOD-001-2 Compliance Section Comments

There were several comments pertaining to the Compliance section of the proposed MOD-001-2 Reliability Standard. Those comments are considered below by the appropriate sub-section.

Evidence Retention

One commenter requested rationale for the five year retention on methodology documents. In response, the SDT noted that an outstanding directive from FERC Order No. 729 explains why five years is used. In paragraph 129 of that order, the Commission stated that, "If the Commission determines upon its own review of the data, or upon review of a complaint, that it should investigate the implementation of the available transfer capability methodologies, the Commission will need access to historical data. Accordingly, pursuant to section 215(d)(5) of the FPA and section 39.5(f) of our regulations, the Commission directs the ERO to modify the Reliability Standards so as to increase the document retention requirements to a term of five years, in order to be consistent with the enforcement provisions established in Order No. 670." Therefore, the SDT has retained the five years for the implementation documents.

The SDT modified a bullet in this section that read, "Calculations and other components of implementation and methodology documents shall be retained to show compliance in calculating..." to read "Components of the calculations and the results of such calculations for all values contained in the implementation and methodology documents." This change was made to mirror the revised language in the requirements in which the data a registered entity retains are the results of the calculations, not the calculations themselves. The SDT noted the response also answers a related question concerning "values" to be retained.

Violation Severity Levels (VSLs)

Several commenters stated that the VSLs for Requirement R1 are unclear as to whether they refer to the requirement elements that are set out in Requirement R1, Parts 1.1, 1.2, or 1.3 or all of them. In response, the SDT noted that the VSLs are gradated based on how many requirement parts a registered entity's TFC or TTC methodology does not contain. In summary, the VSLs are not assigned to a specific requirement part, but for the requirement as a whole.

One commenter suggested that the VSLs for Requirements R2 through R5 should be revised as there are only severe VSLs. The SDT noted that the posted Requirements R2, R3, and R4 were binary requirements. From the VSL Guidelines,³ binary requirement is a "pass or fail" type requirement where any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement, then the single VSL must be "Severe." In the new posting of the revised Reliability Standard, Requirements R3 and R4 are the only requirements that remain binary, as the new Requirement R2 has become more prescriptive and contain requirement parts after the SDT reviewed and considered the comments.

A commenter noted that for the VSLs for Requirements R2, R3, and R4, that the phrase "prepare, keep current, and implement" should not be in the VSLs and that the measured should not have subjective thresholds that require three separate actions within a single requirement. In response, the SDT noted the phrase has been removed from the requirements and will no longer be used within the VSLs.

³ <http://www.nerc.com/pa/Stand/Resources/Documents/VSLGuidelines12112012FINAL.pdf>