

# Violation Risk Factor and Violation Severity Level Justifications

## COM-001-3 – Communications

### Violation Risk Factor and Violation Severity Level Justifications

This document provides the drafting team's justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for Requirements R12 and R13 in: COM-001-3 – Communications

Each primary requirement is assigned a VRF and a set of one or more VSLs. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the ERO Sanction Guidelines.

The Reliability Coordination Standard Drafting Team (SDT) applied the following NERC criteria and FERC Guidelines when proposing VRFs and VSL for the requirements under this project.

#### NERC Criteria – Violation Risk Factors

##### *High Risk Requirement*

A requirement that, if violated, could directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.

##### *Medium Risk Requirement*

A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or

restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

### ***Lower Risk Requirement***

A requirement that is administrative in nature and a requirement that, if violated, would not be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system; or, a requirement that is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. A planning requirement that is administrative in nature.

### **FERC Violation Risk Factor Guidelines**

The SDT also considered consistency with the FERC Violation Risk Factor Guidelines for setting VRFs:<sup>1</sup>

#### ***Guideline 1 – Consistency with the Conclusions of the Final Blackout Report***

The Commission seeks to ensure that Violation Risk Factors assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System.

In the VSL Order, FERC listed critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System:<sup>2</sup>

- Emergency operations
- Vegetation management
- Operator personnel training
- Protection systems and their coordination
- Operating tools (capabilities)<sup>3</sup> and backup facilities
- Reactive power and voltage control
- System modeling and data exchange
- Communication protocol and facilities
- Requirements to determine equipment ratings

<sup>1</sup> North American Electric Reliability Corp., 119 FERC ¶ 61,145, order on reh'g and compliance filing, 120 FERC ¶ 61,145 (2007) ("VRF Rehearing Order").

<sup>2</sup> Id. at footnote 15.

<sup>3</sup> Mandatory Reliability Standards for the Bulk-Power System, 118 FERC ¶ 61,218, FERC Stats. & Regs. ¶ 31,242 at PP 906 and 1660. (Order No. 693), order on reh'g, Mandatory Reliability Standards for the Bulk-Power System, 120 FERC ¶ 61,053 (Order No. 693-A) (2007).

- Synchronized data recorders
- Clearer criteria for operationally critical facilities
- Appropriate use of transmission loading relief

***Guideline 2 – Consistency within a Reliability Standard***

The Commission expects a rational connection between the sub-Requirement Violation Risk Factor assignments and the main Requirement Violation Risk Factor assignment.

***Guideline 3 – Consistency among Reliability Standards***

The Commission expects the assignment of Violation Risk Factors corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.

***Guideline 4 – Consistency with NERC's Definition of the Violation Risk Factor Level***

Guideline (4) was developed to evaluate whether the assignment of a particular Violation Risk Factor level conforms to NERC's definition of that risk level.

***Guideline 5 – Treatment of Requirements that Co-mingle More Than One Obligation***

Where a single Requirement co-mingles a higher risk reliability objective and a lesser risk reliability objective, the VRF assignment for such Requirements must not be watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.

The following discussion addresses how the SDT considered FERC's VRF Guidelines 2 through 5. The team did not address Guideline 1 directly because of an apparent conflict between Guidelines 1 and 4. Whereas Guideline 1 identifies a list of topics that encompass nearly all topics within NERC's Reliability Standards and implies that these requirements should be assigned a "High" VRF, Guideline 4 directs assignment of VRFs based on the impact of a specific requirement to the reliability of the system. The SDT believes that Guideline 4 is reflective of the intent of VRFs in the first instance and therefore concentrated its approach on the reliability impact of the requirements.

There are two new requirements in the standard. Neither of the requirements were assigned a "Lower" VRF. Requirement R12 is assigned a "High" VRF while Requirement R13 is assigned a "Medium" VRF.

**NERC Criteria – Violation Severity Levels**

Violation Severity Levels (VSLs) define the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple "degrees" of noncompliant performance, and may have only one, two, or three VSLs.

**Violation severity levels should be based on the guidelines shown in the table below:**

Lower	Moderate	High	Severe
<p>Missing a minor element (or a small percentage) of the required performance</p> <p>The performance or product measured has significant value as it almost meets the full intent of the requirement.</p>	<p>Missing at least one significant element (or a moderate percentage) of the required performance.</p> <p>The performance or product measured still has significant value in meeting the intent of the requirement.</p>	<p>Missing more than one significant element (or is missing a high percentage) of the required performance or is missing a single vital component.</p> <p>The performance or product has limited value in meeting the intent of the requirement.</p>	<p>Missing most or all of the significant elements (or a significant percentage) of the required performance.</p> <p>The performance measured does not meet the intent of the requirement or the product delivered cannot be used in meeting the intent of the requirement.</p>

**FERC Order of Violation Severity Levels**

FERC’s VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for Requirements R12 and R13 in the standard meet the FERC Guidelines for assessing VSLs:

***Guideline 1 – Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance***

Compare the VSLs to any prior levels of non-compliance and avoid significant changes that may encourage a lower level of compliance than was required when levels of non-compliance were used.

***Guideline 2 – Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties***

A violation of a “binary” type requirement must be a “Severe” VSL.

Do not use ambiguous terms such as “minor” and “significant” to describe noncompliant performance.

***Guideline 3 – Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement***

VSLs should not expand on what is required in the requirement.

**Guideline 4 – Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations**

... unless otherwise stated in the requirement, each instance of non-compliance with a requirement is a separate violation. Section 4 of the Sanction Guidelines states that assessing penalties on a per violation per day basis is the “default” for penalty calculations.

**VRF and VSL Justifications**

VRF Justifications – COM-001-3, R12	
Proposed VRF	High
NERC VRF Discussion	
FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report: N/A
FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard: The requirement has no sub-requirements; only one VRF is assigned, so there is no conflict.
FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards: This requirement is a facility requirement that provides for internal communications capability, including internal communications within the same functional entity. There are no similar facility requirements in the standards. The approved VRF for COM-001-2, R1-R6 is High and therefore the proposed VRF for R12 is consistent.
FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs: Failure to have internal Interpersonal Communication capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the Bulk Power System and could lead to Bulk Power System instability, separation, or cascading failures. Therefore, this requirement is assigned a High VRF.
FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation: The requirement, R12, contains only one objective; therefore, only one VRF was assigned.

Proposed VSLs for COM-001-3, R12				
R#	Lower	Moderate	High	Severe
R12	N/A	N/A	N/A	The Reliability Coordinator, Balancing Authority, Generator Operator, or Transmission Operator failed to have internal Interpersonal Communication capability for the exchange of operating information.
VSL Justifications – COM-001-3, R12				
NERC VSL Guidelines			Meets NERC’s VSL guidelines. There is not an incremental aspect to the violation and the VSL follows the guidelines for violations.	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance			N/A	
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties  Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent  Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language			Guideline 2a: The proposed VSL is consistent with Requirements R7, R8, and R11.  Guideline 2b: The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.	
FERC VSL G3			The proposed VSL uses the same terminology as used in the associated requirement, and is, therefore, consistent with the requirement.	

Proposed VSLs for COM-001-3, R12	
Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	The VSL is based on a single violation and not cumulative violations.

VRF Justifications – COM-001-3, R13	
Proposed VRF	Medium
NERC VRF Discussion	
FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report: N/A
FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard: The requirement has no sub-requirements; only one VRF is assigned, so there is no conflict.
FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards: In COM-001-3, the Distribution Provider VRF is Medium because the Interpersonal Communications capabilities are potentially less impactful than similar Interpersonal Communication capabilities of Reliability Coordinators, Balancing Authorities, Generator Operators, or Transmission Operators.
FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs: Failure to have internal Interpersonal Communication capability could limit or prevent communication within an entity; however, Bulk Power System instability, separation, or cascading failures are not likely to occur due to a failure to have internal Interpersonal Communication capabilities. Therefore, this requirement is assigned a Medium VRF.

VRF Justifications – COM-001-3, R13	
Proposed VRF	Medium
FERC VRF G5 Discussion	<p>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</p> <p>The requirement contains only one objective; therefore, only one VRF was assigned.</p>

Proposed VSLs for COM-001-3, R13				
R#	Lower	Moderate	High	Severe
R13	N/A	N/A	N/A	The Distribution Provider failed to have internal Interpersonal Communication capability for the exchange of operating information...

VSL Justifications – COM-001-3, R13	
NERC VSL Guidelines	Meets NERC’s VSL guidelines. There is not an incremental aspect to the violation and the VSL follows the guidelines for violations.
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The proposed requirement is a revision to COM-001-2.1. The proposed VSL is binary.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment	<p>Guideline 2a: N/A</p> <p>Guideline 2b: The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and</p>



Proposed VSLs for COM-001-3, R13	
<p>Category for "Binary" Requirements Is Not Consistent</p> <p>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3</p> <p>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement, and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4</p> <p>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>The VSL is based on a single violation and not cumulative violations.</p>