Review of MOD-028-1—Area Interchange Methodology (Deferred)

http://www.nerc.com/files/MOD-028-1.pdf

VSLs for Requirements R8 and R9:

Standard,	Requirement	Lower	Moderate	High	Severe	Comments
Require-	Language					
ment						
MOD-028-	When calculating	For a specified	For a specified	For a specified	For a specified	FERC staff was
1, R8	Existing Transmission	period, the	period, the	period, the	period, the	concerned about the
	Commitments (ETCs)	Transmission	Transmission	Transmission	Transmission Service	"grace period" of 15%
	for firm	Service Provider	Service	Service Provider	Provider calculated a	beginning in the
	commitments (ETC _F)	calculated a firm	Provider	calculated a firm	firm ETC with an	Lower VSL.
	for all time periods	ETC with an	calculated a	ETC with an	absolute value	
	for an ATC Path the	absolute value	firm ETC with	absolute value	different than that	NERC staff notes that
	Transmission Service	different than	an absolute	different than that	calculated in M10 for	the "grace" period of
	Provider shall use the	that calculated	value different	calculated in M10	the same period, and	15% is not a grace
	following algorithm:	in M10 for the	than that	for the same	the absolute value	period, but rather a
		same period,	calculated in	period, and the	difference was more	way to account for
	$ETC_F = NITS_F + GF_F +$	and the	M10 for the	absolute value	than 45% of the	calculation variances.
	$PTP_F + ROR_F + OS_F$	absolute value	same period,	difference was	value calculated in	Regardless, this
		difference was	and the	more than 35% of	the measure or	percentage is
	Where:	more than 15%	absolute value	the value	45MW, whichever is greater.	established in
		of the value	difference was	calculated in the		Measure M10:"To
	NITS _F is the firm	calculated in the	more than 25%	measure or		account for
	capacity set aside for	measure or	of the value	35MW, whichever		differences that may
	Network Integration	15MW,	calculated in	is greater, but not		occur when
	Transmission Service	whichever is	the measure or	more than 45% of		recalculating the
	(including the	greater, but not	25MW,	the value		value (due to mixing
	capacity used to	more than 25%	whichever is	calculated in the		automated and
	serve bundled load	of the value	greater, but	measure or		manual processes),
	within the	calculated in the	not more than	45MW, whichever		any recalculated value
	Transmission Service	measure or	35% of the	is greater.		that is within +/- 15%

Provider's area with external sources) on ATC Paths that serve as interfaces with other Balancing Authorities. GF _F is the firm capacity set aside for Grandfathered Firm Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or safe harbor tariff on ATC Paths that serve as interfaces with other Balancing Authorities.	value calculated in the measure or 35MW, whichever is greater.		or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R8 to calculate its firm ETC. (R8)" Thus, the VSLs are appropriate as written and no change is necessary.
PTP _F is the firm capacity reserved for confirmed Point-to-Point Transmission Service.			
ROR _F is the capacity reserved for roll-over			

rights for Firm			
Transmission Service			
contracts granting			
Transmission			
Customers the right			
of first refusal to take			
or continue to take			
Transmission Service			
when the			
Transmission			
Customer's			
Transmission Service			
contract expires or is			
eligible for renewal.			
OS _F is the firm			
capacity reserved for			
any other service(s),			
contract(s), or			
agreement(s) not			
specified above using			
Firm Transmission			
Service, including			
another firm			
adjustments to			
reflect impacts from			
other ATC Paths of			
the Transmission			
Service Provider as			
specified in the			
ATCID.			

Original Guideline Explanations for R8 in December 1, 2010 Filing Addressing MOD VRFs and VSLs:

- Guideline 1: This is a new standard. Accordingly, no historic performance has been established.
- Guideline 2: The VSLs comply with Guideline 2. The requirement has gradated VSLs; therefore, Guideline 2a is not applicable. The gradated VSLs ensure uniformity and consistency among all approved Reliability Standards in the determination of penalties. Therefore, no changes to the VSLs were required. Additionally, NERC has reviewed the VSL text and has determined that, as written, the VSL text is clear, specific and objective and does not contain general, relative or subjective language satisfying Guideline 2b. Thus, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.
- Guideline 3: NERC reviewed the existing requirement VSLs to the stated requirement language to ensure the VSLs do not redefine or undermine the requirement's reliability goal. In accordance with Guideline 3, the VSL assignment(s) are consistent with the requirement and the degree of compliance can be determined objectively and with certainty.
- Guideline 4: The VSL assignments comply with Guideline 4, because they are based on a single violation of a Reliability Standard and are not based on a cumulative number of violations of the same requirement over a period of time.

VSLs for Requirement R9:

Standard,	Requirement	Lower	Moderate	High	Severe	Comments
Require-	Language					
ment						
MOD-028-	When calculating ETC	For a specified	For a specified	For a specified	For a specified	FERC staff was
1, R9	for non-firm	period, the	period, the	period, the	period, the	concerned about the
	commitments (ETC _{NF})	Transmission	Transmission	Transmission	Transmission Service	"grace period" of 15%
	for all time periods	Service Provider	Service	Service Provider	Provider calculated a	beginning in the
	for an ATC Path the	calculated a	Provider	calculated a non-	non-firm ETC with an	Lower VSL.
	Transmission Service	non-firm ETC	calculated a	firm ETC with an	absolute value	
	Provider shall use the	with an absolute	non-firm ETC	absolute value	different than that	NERC staff notes that
	following algorithm:	value different	with an	different than that	calculated in M11 for	the "grace" period of
		than that	absolute value	calculated in M11	the same period, and	15% is not a grace
	$ETC_{NF} = NITS_{NF} + GF_{NF}$	calculated in	different than	for the same	the absolute value	period, but rather a
	$+ PTP_{NF} + OS_{NF}$	M11 for the	that calculated	period, and the	difference was more	way to account for
		same period,	in M11 for the	absolute value	than 45% of the	calculation variances.
	Where:	and the	same period,	difference was	value calculated in	Regardless, this
		absolute value	and the	more than 35% of	the measure or	percentage is
	NITS_{NF} is the non-firm	difference was	absolute value	the value	45MW, whichever is	established in

capacity set aside for	more than 15%	difference was	calculated in the	greater.	Measure M11. M11
Network Integration	of the value	more than 25%	measure or		references R9 and the
Transmission Service	calculated in the	of the value	35MW, whichever		15% number in
(i.e., secondary	measure or	calculated in	is greater, but not		question:"To account
service , including the	15MW,	the measure or	more than 45% of		for differences that
capacity used to	whichever is	25MW,	the value		may occur when
serve bundled load	greater, but not	whichever is	calculated in the		recalculating the
within the	more than 25%	greater, but	measure or		value (due to mixing
Transmission Service	of the value	not more than	45MW, whichever		automated and
Provider's area with	calculated in the	35% of the	is greater.		manual processes),
external sources)	measure or	value			any recalculated value
reserved on ATC	25MW,	calculated in			that is within +/- 15%
Paths that serve as	whichever is	the measure or			or 15 MW, whichever
interfaces with other	greater.	35MW,			is greater, of the
Balancing		whichever is			originally calculated
Authorities.		greater.			value, is evidence that
					the Transmission
GF_{NF} is the non-firm					Service Provider used
capacity reserved for					the algorithm in R8 to
Grandfathered Non-					calculate its non-firm
Firm Transmission					ETC. (R9)"
Service and contracts					
for energy and/or					Thus, the VSLs are
Transmission Service,					appropriate as
where executed prior					written and no
to the effective date					change is necessary.
of a Transmission					
Service Provider's					
Open Access					
Transmission Tariff or					
safe harbor tariff on					
ATC Paths that serve					
as interfaces with					
other Balancing					

Authorities.			
PTP _{NF} is non-firm			
capacity reserved for			
confirmed Point-to-			
Point Transmission			
Service.			
OS _{NF} is the non-firm			
capacity reserved for			
any other service(s),			
contract(s), or			
agreement(s) not			
specified above using			
Non-Firm			
Transmission Service,			
including any other			
firm adjustments to			
reflect impacts from			
other ATC Paths of			
the Transmission			
Service Provider as			
specified in the			
ATCID.			

Original Guideline Explanations for R9 in <u>December 1, 2010 Filing Addressing MOD VRFs and VSLs</u>:

- Guideline 1: This is a new standard. Accordingly, no historic performance has been established.
- Guideline 2: The VSLs comply with Guideline 2. The requirement has gradated VSLs; therefore, Guideline 2a is not applicable. The gradated VSLs ensure uniformity and consistency among all approved Reliability Standards in the determination of penalties. Therefore, no changes to the VSLs were required. Additionally, NERC has reviewed the VSL text and has determined that, as written, the VSL text is clear, specific and objective and does not contain general, relative or subjective language satisfying Guideline 2b. Thus, the text is not

- subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.
- Guideline 3: NERC reviewed the existing requirement VSLs to the stated requirement language to ensure the VSLs do not redefine or undermine the requirement's reliability goal. In accordance with Guideline 3, the VSL assignment(s) are consistent with the requirement and the degree of compliance can be determined objectively and with certainty.
- Guideline 4: The VSL assignments comply with Guideline 4, because they are based on a single violation of a Reliability Standard and are not based on a cumulative number of violations of the same requirement over a period of time.