

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

VAR Outreach Presentation

Informal Development

St. Louis

March 20, 2013

RELIABILITY | ACCOUNTABILITY



- **NERC Antitrust Guidelines**

- It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

- **Notice of Open Meeting**

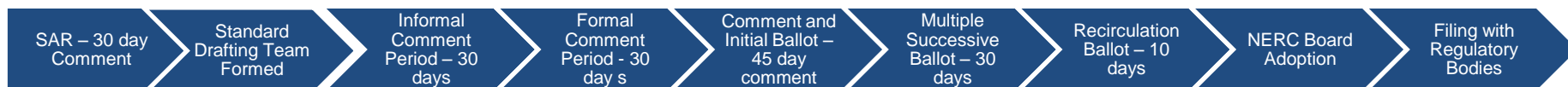
- Participants are reminded that this informational break-out session is public. Please keep in mind that the audience may include members of the press and representatives of various governmental entities, in addition to the industry stakeholders.

- Introductions
- Evolving Standards Process/Informal Development
- FERC directives
- Industry input on VAR-001 and VAR-002
- Upcoming and key dates
- VAR ad hoc group contact information

Directives Team

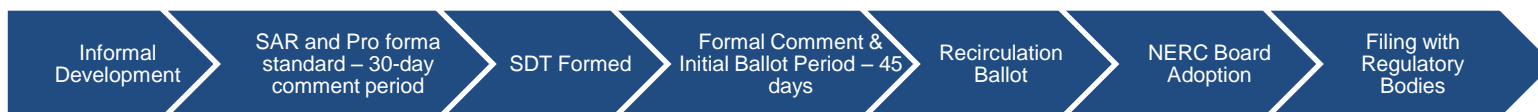
- Vice President and Director of Standards- Mark Lauby
- Director of Standards Development- Val Agnew
- Standard Developers for the Directives Team:
 - Jordan Mallory- PER (Training): PER-002 and PER-005
 - Steven Noess- MOD B (modeling data): MOD-010 through MOD-015
 - Darrel Richardson- MOD C (demand data): MOD-016 through MOD-021
 - Ryan Stewart- MOD A (ATC, TTC, CBM): MOD-001, MOD-004, MOD-008, MOD-028, MOD-029 and MOD-030
 - Soo Jin Kim - VAR: VAR-001 and VAR-002 and Glossary directives

Old Standards Process – Took multiple years



- May 2012: NERC Board adopted SPIG report with recommendations to improve both the timeliness and quality of the standards was adopted.
- August and November 2012 NERC Board of Trustees Meeting:
 - FERC commissioners urged the industry to focus on creating a more efficient standards development process (August 2012)
 - NERC CEO expressed there should be a focus on revamping the standards process for more efficiency and quality (August 2012)
 - NERC Board issued a resolution instructing the SPIG, MRC, SC, NERC staff and industry stakeholders to reform its standards program (November 2012)

Evolving Standards Process – one year



- Five Major FERC Directives to the ERO from Order No. 693
 - VAR-001-Summary from P 1880
 - Expand the applicability to include reliability coordinators and LSEs;
 - Include detailed and definitive requirements on “established limits” and “sufficient reactive resources” and identify acceptable margins above the voltage instability points;
 - Include Requirements to perform voltage stability analysis periodically, using online techniques where commercially available and offline techniques where online techniques are not available, to assist real-time operations, for areas susceptible to voltage instability;
 - Include controllable load among the reactive resources to satisfy reactive Requirements; and
 - Address the power factor range at the interface between LSEs and the transmission grid.

- VAR-002- From PP 1881-1885
 - FERC directed NERC to consider modifying VAR-002 to require more detailed and definitive requirements when defining the time frame associated with an “incident” of non compliance (i.e., each 4-second scan, 10-minute integrated value, hourly integrated value).

WE VALUE YOUR INPUT!!!

- VAR-001- How should we handle planning requirements? What is the definition for “controllable load” and “voltage stability?” Several other issues are being discussed, and we will need industry input.
- VAR-002- What is the appropriate non-compliance window? We need technical justifications

- Upcoming VAR Webinar and Technical Conferences
 - Informational Webinar- April 11, 2013 , 2:00-4:00 pm EDT
 - Chat feature for questions will be enabled
 - *Pro forma* standard and RSAW will be presented to the industry. Please bring feedback to the Technical Conferences on April 18th and April 23rd.
 - Industry Technical Conferences- April 18, 2013 (Atlanta, GA) and April 23rd (Denver, CO)–
 - As of now, WebEx has not been set up for these meetings
- Key Dates
 - May 2, 2013 – Submit SAR, *pro forma*, and RSAW to SC
 - July 26, 2013 – Initial ballot posting: *pro forma* Standard and RSAW for 45 day comment
 - October 24, 2013 – Recirculation Ballot
 - November 7, 2013 – Board of Trustees Adoption
 - December 31, 2013 – File with FERC

Participant	Entity Represented
Dennis Chastain	TVA
Bill Harm	PJM
Steve Hitchens	BPA
Sharma Kolluri	Entergy
Martin Kaufman	ExxonMobil
Joshua Pierce	Southern Company
Hari Singh	Xcel
Hamid Zakery	Calpine

Questions??

Thank you for your time!

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