NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

January 8, 2014

VIA ELECTRONIC FILING

David Erickson
President and Chief Executive Officer
Alberta Electric System Operator
2500, 330 - 5 Avenue SW
Calgary, Alberta
T2P 0L4

RE: *North American Electric Reliability Corporation*

Dear Mr. Erickson:

The North American Electric Reliability Corporation ("NERC") hereby submits Notice of the North American Electric Reliability Corporation for Deferral of Action and Notice of Filing of the North American Electric Reliability Corporation of WECC Regional Reliability Standard IRO-006-WECC-2 – Qualified Transfer Path Unscheduled Flow ("USF") Relief and WECC Regional Definition of "Relief Requirement." NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

NERC understands the AESO may adopt the proposed reliability standard subject to Alberta legislation, principally as established in the *Transmission Regulation* ("the T Reg."). Briefly, it is NERC's understanding that the T Reg. requires the following with regard to the adoption in Alberta of a NERC Reliability Standard:

1. The AESO must consult with those market participants that it considers are likely to be directly affected.

2. The AESO must forward the proposed reliability standards to the Alberta Utilities Commission for review, along with the AESO's recommendation that the Commission approve or reject them.

3. The Commission must follow the recommendation of the AESO that the Commission approve or reject the proposed reliability standards unless an interested person satisfies the Commission that the AESO's recommendation is "technically deficient" or "not in the public interest."

Further, NERC has been advised by the AESO that the AESO practice with respect to the adoption of a NERC Reliability Standard includes a review of the NERC Reliability Standard for

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

applicability to Alberta legislation and electric industry practice. NERC has been advised that, while the objective is to adhere as closely as possible to the requirements of the NERC Reliability Standard, each NERC Reliability Standard approved in Alberta (called an "Alberta reliability standard") generally varies from the similar and related NERC Reliability Standard.

NERC requests the AESO consider Proposed Reliability Standards IRO-006-WECC-2 – Qualified Transfer Path Unscheduled Flow ("USF") Relief and WECC Regional Definition of "Relief Requirement" described in the attached filing for adoption in Alberta as an "Alberta reliability standard(s)", subject to the required procedures and legislation of Alberta.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Holly A. Hawkins
Holly A. Hawkins
Assistant General Counsel for
North American Electric Reliability
Corporation

Enclosures

BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR

NORTH AMERICAN ELECTRIC	**)**
RELIABILITY CORPORATION	**)**

NOTICE OF FILING OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF WECC REGIONAL RELIABILITY STANDARD IRO-006-WECC-2 — QUALIFIED TRANSFER PATH UNSCHEDULED FLOW ("USF") RELIEF AND WECC REGIONAL DEFINITION OF "RELIEF REQUIREMENT"

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 446-2595– facsimile

Charles A. Berardesco
Senior Vice President and General Counsel
Holly A. Hawkins
Assistant General Counsel
Stacey Tyrewala
Senior Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099– facsimile
charlie.berardesco@nerc.net
holly.hawkins@nerc.net
stacey.tyrewala@nerc.net

January 8, 2014

TABLE OF CONTENTS

EXHIBITS

BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR

NORTH AMERICAN ELECTRIC	**)**
RELIABILITY CORPORATION	**)**

NOTICE OF FILING OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF WECC REGIONAL RELIABILITY STANDARD IRO-006-WECC-2 — QUALIFIED TRANSFER PATH UNSCHEDULED FLOW ("USF") RELIEF AND WECC REGIONAL DEFINITION OF "RELIEF REQUIREMENT"

The North American Electric Reliability Corporation ("NERC") hereby submits proposed regional Reliability Standard, IRO-006-WECC-2 and proposed regional definition of "Relief Requirement" included in **Exhibit A**.[1] This proposed regional Reliability Standard is intended to mitigate transmission overloads due to unscheduled flow on a transfer path designated by WECC as being qualified for unscheduled flow mitigation. The proposed regional definition supports the regional Reliability Standard.

The proposed regional Reliability Standard and regional definition will be in effect only for applicable registered entities within the WECC region. NERC proposes an effective date for both the regional Reliability Standard and the definition, of either: (1) the first day of the first quarter at least 45 days after regulatory approval or (2) upon complete implementation of applicable webSAS changes[2] and regulatory approval of this proposed Reliability Standard and

[1] Unless otherwise designated, all capitalized terms shall have the meaning set forth in the *Glossary of Terms Used in NERC Reliability Standards*, available here: http://www.nerc.com/files/Glossary_of_Terms.pdf.

[2] WebSAS is a software program that provides prescriptions for curtailments of off-path schedules based on level and percent of unscheduled flow contribution to the Qualified Path that is equal to or in excess of a six-percent

the revised Unscheduled Flow Mitigation Plan documents, whichever is later in time. The revised Unscheduled Flow Mitigation documents are being submitted by PacifiCorp simultaneously with the instant filing, although in a separate docket. The proposed regional Reliability Standard and regional definition were approved by the NERC Board of Trustees during its February 7, 2013 meeting.

Exhibit A to this filing sets forth the proposed regional Reliability Standard, regional definition, and implementation plan. **Exhibit B** to this filing demonstrates that the regional Reliability Standards meets the Reliability Standards criteria. **Exhibit C** contains the complete Development Record for the proposed regional Reliability Standard and definition. **Exhibit D** includes the standard drafting team roster. **Exhibit E** is the Violation Severity Level ("VSL") and Violation Risk Factor ("VRF") guideline analysis.

I. EXECUTIVE SUMMARY

The purpose of proposed Reliability Standard IRO-006-WECC-2 is to provide a regional Reliability Standard that specifies the mitigation of transmission overloads due to unscheduled flow on Qualified Transfer Paths.[3] Regional Reliability Standard IRO-006-WECC-1 and the associated definition of "Relief Requirement" were submitted on July 8, 2009.

The currently-effective regional Reliability Standard IRO-006-WECC-1 has two Requirements. Requirement R1 provides that, upon receiving a request for curtailment from the Transmission Operator of a Qualified Transfer Path, the Reliability Coordinator shall approve or deny that request within five minutes. Requirement R2 provides that "[t]he Balancing

---

Transfer Distribution Factor of each contributing schedule. The webSAS tool calculates curtailment and unless the Reliability Coordinator actively denies the request, approves the curtailment within five minutes.

[3] The term "Qualified Transfer Path" is defined as "A transfer path designated by the WECC Operating Committee as being qualified for WECC unscheduled flow mitigation." *See Glossary of Terms Used in NERC Reliability Standards* available at: http://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf. Updated April 5, 2013

Authorities shall approve curtailment requests to the schedules as submitted, implement alternative actions, or a combination there of [sic] that collectively meets the Relief Requirement."

The modifications in proposed regional Reliability Standard IRO-006-WECC-2 correct a reference to the recently changed[4] Unscheduled Flow Mitigation Plan ("UFMP"), a portion of which is included as an attachment to the currently-effective regional Reliability Standard IRO-006-WECC-1. Changes to the UFMP resulted in the new Unscheduled Flow Reduction Guideline ("UFRG"). Both the currently-effective version (IRO-006-WECC-1) and the proposed version (IRO-006-WECC-2) of the regional Reliability Standard use the term "Relief Requirement" which is defined in the WECC regional definitions section of the *Glossary of Terms Used in NERC Reliability Standards*. The proposed revision to the WECC regional definition of the term "Relief Requirement" also corrects a reference to the UFMP.

While the Requirements of the regional Reliability Standard have not changed, certain wording and format changes are proposed to bring the document into compliance with NERC drafting conventions for Reliability Standards.

As noted above, the proposed modifications to regional Reliability Standard IRO-006-WECC-2 are minor and the Reliability Standard remains more stringent than the corresponding continent-wide NERC Reliability Standard, IRO-006. The proposed regional Reliability Standard goes beyond the corresponding NERC Reliability Standard by requiring a Reliability

[4] FERC Order Nos. 888 and 890, as well as Order Nos. 713-A and 713-B, discuss the relationship between curtailment actions placed upon transmission schedules and transmission service priority. *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713, 124 FERC ¶ 61,071 (2008), Order No. 713-A, 126 FERC ¶ 61,252 (2009); Order No. 713-B, 130 FERC ¶ 61,032 (2010). To bring the WECC Unscheduled Flow Reduction Guideline (UFRG) into compliance with these orders, on January 25, 2012, the Unscheduled Flow Administrative Subcommittee approved changes to the UFRG. These changes were subsequently approved by the operating committee (March 9, 2012) and the WECC Board of Directors (March 15, 2012).

Coordinator to approve or deny a Transmission Operator's curtailment request within five minutes and is necessitated by physical differences in the Western Interconnection, as explained below.

NERC Reliability Standard IRO-006 establishes a Transmission Loading Relief ("TLR") process for use in the Eastern Interconnection to alleviate loadings on the system by curtailing or changing transactions based on their priorities and according to different levels of TLR procedures. Requirement R1 of Reliability Standard IRO-006-5 provides that:

> Each Reliability Coordinator and Balancing Authority that receives a request pursuant to an Interconnection-wide transmission loading relief procedure (such as Eastern Interconnection TLR, *WECC Unscheduled Flow Mitigation*, or congestion management procedures from the ERCOT Protocols) from any Reliability Coordinator, Balancing Authority, or Transmission Operator in another Interconnection to curtail an Interchange Transaction that crosses an Interconnection boundary shall comply with the request, unless it provides a reliability reason to the requestor why it cannot comply with the request. (emphasis added).

The WECC Unscheduled Flow Mitigation Plan provides detailed instructions for addressing unscheduled flows, *i.e.*, parallel path flows, based on the topography and configuration of the Bulk-Power System in the Western Interconnection.

II. NOTICES AND COMMUNICATIONS

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

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 446-2595– facsimile

Charles A. Berardesco
Senior Vice President, General Counsel and Corporate Secretary
Holly A. Hawkins
Assistant General Counsel
Stacey Tyrewala
Senior Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099– facsimile
charlie.berardesco@nerc.net
holly.hawkins@nerc.net
stacey.tyrewala@nerc.net

III. BACKGROUND

A. Procedural Background

1. NERC Reliability Standard IRO-006

On September 11, 2006, NERC submitted Interconnection Reliability Operations and Coordination ("IRO") Reliability Standard IRO-006-3, titled "Reliability Coordination – Transmission Loading Relief." On April 7, 2009, NERC submitted Reliability Standard IRO-006-4, which modified the prior version and addressed the Federal Energy Regulatory Commission's ("FERC") directives from Order No. 693.[5] Subsequently, an erratum to that Reliability Standard that corrected the reference in Requirement R1.2 to the Unscheduled Flow Mitigation Plan (Mitigation Plan) was filed on September 10, 2009. On March 2, 2011, NERC filed Reliability Standard IRO-006-5.[6]

[5] Order No. 713-A, 126 FERC ¶ 61,252 (2009), *order on reh'g*, Order No. 713-B, 130 FERC ¶ 61,032 (2010).

[6] *North American Electric Reliability Corp.*, 135 FERC ¶ 61,043 (2011).

2. Reliability Standard IRO-006-WECC

On November 29, 2007, NERC filed eight WECC regional Reliability Standards that apply in the Western Interconnection, including IRO-STD-006-0. On July 8, 2009, NERC filed a re-named Reliability Standard IRO-STD-006-0 as IRO-006-WECC-1, and six associated definitions, including "Relief Requirement."

B. Framework

A regional Reliability Standard proposed by a Regional Entity must meet the same standards that NERC's Reliability Standards must meet, *i.e.*, the regional Reliability Standard must be shown to be just, reasonable, not unduly discriminatory or preferential, and in the public interest.[7] A regional Reliability Standard must satisfy: a regional difference from a continent-wide Reliability Standard must either be (1) more stringent than the continent-wide Reliability Standard (which includes a regional standard that addresses matters that the continent-wide Reliability Standard does not), or (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk Power System.

As discussed in the *WECC Reliability Standards Development Procedures*,[8] WECC's Reliability Standards are developed according to the following characteristics:

- Open access by eligible voters to all aspects of the Standard Development process;
- Drafting by Subject Matter Experts that accept and respond to all public input; and
- Formal approval process involving response to input and final vote by the WECC Ballot Pool and WECC Board of Directors.

[7] Section 215(d)(2) of the FPA and 18 C.F.R. §39.5(a).

[8] The *WECC Reliability Standards Development Procedure* is available at: http://www.wecc.biz/library/WECC%20Documents/Business%20and%20Governance%20Documents/WECC%20Reliability%20Standards%20Development%20Procedures.pdf

Proposed WECC Reliability Standards are subject to approval by NERC, as the ERO, and the applicable governmental authorities before becoming mandatory and enforceable. Applicable users, owners, and operators of the Bulk-Power System must adhere to the NERC Reliability Standards in addition to the WECC regional Reliability Standards. WECC regional Reliability Standards are enforced through the WECC Compliance Enforcement Program.

IV. JUSTIFICATION OF PROPOSED REGIONAL RELIABILITY STANDARD AND REGIONAL DEFINITION

This section describes the reliability objectives to be achieved by the proposed regional Reliability Standard and regional definition, explains the development history, and demonstrates how the proposed Reliability Standard and definition meet the criteria for Reliability Standards, as supplemented by **Exhibit B**. NERC, in its analysis and approval of the proposed regional Reliability Standard and regional definition, determined that the Reliability Standard as proposed is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

A. Basis and Purpose of Standard IRO-006-WECC-2 — Qualified Transfer Path Unscheduled Flow ("USF") Relief

The proposed regional Reliability standard, IRO-006-WECC-2 — Qualified Transfer Path Unscheduled Flow ("USF") Relief, will provide regional requirements for Qualified Transfer Path Unscheduled Flow ("USF") Relief to applicable entities in WECC. It is developed to provide mitigation of transmission overloads due to unscheduled flow on Qualified Transfer Paths. The proposed changes in regional Reliability Standard IRO-0006-WECC-2 revise the currently-effective Reliability Standard to correct a reference to the recently changed[9]

[9] FERC Order Nos. 888 and 890, as well as Order Nos. 713-A and 713-B and FERC docket RM10-9-000, discuss the relationship between curtailment actions placed upon transmission schedules and transmission service priority. To bring the WECC Unscheduled Flow Reduction Guideline ("UFRG") into compliance with these orders, on January 25, 2012, the WECC Unscheduled Flow Administrative Subcommittee approved changes to the UFRG. These changes were subsequently approved by the Operating Committee (March 9, 2012) and the WECC Board of Directors (March 15, 2012).

Unscheduled Flow Reduction Guideline ("UFRG") that is included as an attachment to Reliability Standard IRO-006-WECC-1. While the requirements within the proposed regional Reliability Standard have not changed, certain wording and format changes are included to bring the document into compliance with specific NERC drafting conventions. These proposed modifications include the following:

- (1) Effective date – this is necessary to accommodate needed software changes;
- (2) The reference to "Step 4" in Requirement R1 has been removed along with Attachment 1 and replaced with a reference to a request for unscheduled flow transmission relief along with a non-substantive sentence structure change to match NERC drafting conventions;
- (3) A non-substantive grammatical change has been made to Requirement R2 and Measure M2 to conform to NERC drafting conventions.

Similarly, the Violation Severity Level ("VSL") section has been changed to match the current NERC table format with only one substantive change in the VSL for R1. This change is to conform to the FERC VSL guidelines that require binary VSLs to be set to "severe."[10] Specifically, currently-effective regional Reliability Standard IRO-006-WECC-1, Requirement R1states:

> **R1.** Upon receiving a request of Step 4 or greater (see Attachment 1-IRO-006-WECC-1) from the Transmission Operator of a Qualified Transfer Path, the Reliability Coordinator shall approve (actively or passively) or deny that request within five minutes. *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*

Proposed regional Reliability Standard IRO-006-WECC-2, Requirement R1 states:

> **R1.** Each Reliability Coordinator shall approve or deny a request within five minutes of receiving the request for unscheduled flow transmission relief from the Transmission Operator of a Qualified Transfer Path that will result in the calculation of a Relief Requirement. *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*

[10] *North American Electric Reliability Corp*., Order on Violation Severity Levels Proposed by the Electric Reliability Organization, 123 FERC ¶ 61,284 at P 25(2008)("the Commission believes that for requirements where an applicable entity either complies or does not, there is no basis to have more than one Violation Severity Level."), *order on rehearing and clarification*, 125 FERC ¶ 61,212(2008).

Requirement R1 was changed to remove the reference to a specific version of the WECC UFRG and replace it with a reference to a request for unscheduled flow transmission relief to remove the need to modify the regional Reliability Standard if at any time in the future it is deemed necessary to revise the WECC UFRG. However, the substantive requirement for the Reliability Coordinator to approve or deny a request from the Transmission Operator for unscheduled flow relief has not changed.

Similarly, Requirement R2 has been modified, but remains substantively unchanged. Currently-effective regional Reliability Standard IRO-006-WECC-1, Requirement R2 states:

> **R2.** The Balancing Authorities shall approve curtailment requests to the schedules as submitted, implement alternative actions, or a combination there of that collectively meets the Relief Requirement. *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*

Proposed regional Reliability Standard IRO-006-WECC-2, Requirement R2 states:

> **R2.** Each Balancing Authority shall perform any combination of the following actions meeting the Relief Requirement upon receiving a request for relief as described in Requirement R1: *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*
>
> - Approve curtailment requests to the schedules as submitted
> - Implement alternative actions

The structure of Requirement R2 was changed to match NERC drafting conventions but the requirement for the Balancing Authority to provide the required relief, either through curtailment requests or alternative actions has not changed. The proposed regional Reliability Standard is included in **Exhibit A** to this filing.

Changes to the NERC Glossary for the WECC regional definition of "Relief Requirement" are also proposed. The current definition is as follows:

Relief Requirement:
The expected amount of the unscheduled flow reduction on the Qualified Transfer Path that would result by curtailing each Sink Balancing Authority's Contributing Schedules by the percentages listed in the columns of WECC Unscheduled Flow Mitigation Summary of Actions Table in Attachment 1 WECC IRO-006-WECC-1.

The standard drafting team is proposing the following change to the above definition to eliminate the incorporation by reference of an extrinsic document (*i.e.*, Attachment 1 of WECC IRO-006 WECC-1):

Relief Requirement:
The expected amount of the unscheduled flow reduction on the Qualified Transfer Path that would result by curtailing each Sink Balancing Authority's Contributing Schedules by the percentages determined in the WECC unscheduled flow mitigation guideline.

Similar to the changes in proposed Reliability Standard IRO-006-WECC-2, the proposed change to the regional definition of "Relief Requirement" removes the reference to a specific version of the WECC UFRG and would eliminate the need to modify the regional definition if at any time in the future it is deemed necessary to revise the WECC UFRG.

B. Development History

The complete development record for the proposed regional Reliability Standard and definition is provided in **Exhibit C** and includes the development and approval process, comments received during the industry-wide comment period, responses to those comments, ballot information, and NERC's evaluation of the proposed Reliability Standard. The proposed WECC regional Reliability Standard and definition were developed in an open, transparent, and inclusive fashion as demonstrated in **Exhibit C**. Proposed changes were prepared by a standard drafting team consisting of members as shown in **Exhibit D**. The proposed Reliability Standard and definition are widely supported by the WECC ballot pool, was approved by the WECC Standards Committee for consideration by the WECC Board of Directors, and approved by the

WECC Board of Directors and NERC as a meaningful and necessary step forward in solving a longstanding problem.

V. ENFORCEABILITY OF THE PROPOSED REGIONAL RELIABILITY STANDARD

The proposed regional Reliability Standard contains both Violation Risk Factors ("VRFs") and Violation Severity Levels ("VSLs"). VRFs and VSLs are assigned to each requirement in the proposed Reliability Standard. The VRFs and VSLs for this proposed Reliability Standard were developed and reviewed for consistency with NERC and FERC guidelines.[11] Analyses of the assigned VRFs and VSLs to this proposed Reliability Standard are included in **Exhibit E**.

Respectfully submitted,

/s/ Stacey Tyrewala

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 446-2595– facsimile

Charles A. Berardesco
Senior Vice President and General Counsel
Holly A. Hawkins
Assistant General Counsel
Stacey Tyrewala
Senior Counsel
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099– facsimile
charlie.berardesco@nerc.net
holly.hawkins@nerc.net
stacey.tyrewala@nerc.net

[11] *See Order on Violation Risk Factors*, 119 FERC ¶ 61,145 (2007) and *Order on Violation Severity Levels Proposed by the Electric Reliability Organization*, 123 FERC ¶ 61,284 (2008).

Exhibits A, C, D, and E

(Available on the NERC Website at

http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/Attachments_IRO-006-WECC-2_filing.pdf)

Reliability Standards Criteria

The discussion below explains how the proposed Reliability Standard has met or exceeded the Reliabilty Standards criteria. It is important to note that proposed Reliability Standard IRO-006-WECC-2 was developed from the previous Reliability Standard IRO-006-WECC-1 and incorporates non-substantive format and wording changes, rather than changes to the method or Requirements of the Reliability Standard.

1. Proposed Reliability Standards must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve that goal.

The proposed regional Reliability Standard, IRO-006-WECC-2 — Qualified Transfer Path Unscheduled Flow ("USF") Relief, was developed to provide a regional Reliability Standard that ensures mitigation of transmission overloads due to unscheduled flow on Qualified Transfer Paths.

2. Proposed Reliability Standards must be applicable only to users, owners and operators of the bulk power system, and must be clear and unambiguous as to what is required and who is required to comply.

The proposed regional Reliability Standard is only applicable to Balancing Authorities and Reliability Coordinators within the WECC region. These entities are users, owners, or operators of the Bulk-Power System. The proposed regional Reliability Standard clearly identifies these applicable entities and is clear and unambiguous as to what is required to comply. Requirement R1 requires the Reliability Coordinator to approve or deny a request for unscheduled flow transmission relief from the Transmission Operator of a Qualified Transfer Path. Requirement R2 requires the Balancing Authority to provide the Relief Requirement through any combination of curtailment requests or alternative actions.

3. A proposed Reliability Standard must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation.

The proposed regional Reliability Standard includes a Violation Risk Factor ("VRF") and at least one Violation Severity Level ("VSL") for each Requirement. The ranges of penalties for violations will be based on the applicable VRF and VSL and will be administered based on the sanctions table and supporting penalty determination process described in the NERC Sanction Guidelines.

WECC developed the VSLs and VRFs proposed for assignment to proposed regional Reliability Standard IRO-006-WECC-2 following applicable NERC and FERC guidance. **Exhibit E** to this filing contains the VSL and VRF guideline analysis for proposed regional Reliability Standard IRO-006-WECC-2.

Following NERC drafting conventions, the VSL's provided in regional Reliability Standard IRO-006-WECC-1 have been re-drafted into a table format with only one substantive change. The VSL for R1 has been set to "severe" because it represents a binary compliance situation.

4. A proposed Reliability Standard must identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner.

Each requirement of proposed regional Reliability Standard IRO-006-WECC-2 has an associated measure of compliance that will assist those enforcing the standard in enforcing it in a consistent and non-preferential manner. The proposed measures are as follows:

> M1. The Reliability Coordinator shall have evidence that it approved or denied the request within five minutes of receiving a request for relief, in accordance

with Requirement R1. Evidence may include, but is not limited to, documentation of either an active or passive approval.

M2. Each Balancing Authority shall have evidence that it provided the Relief Requirement through Contributing Schedules curtailments, alternative actions, or a combination that collectively meets the Relief Requirement as directed in Requirement R.2.

Therefore, the proposed regional Reliability Standard identifies clear and objective criterion or measures for compliance.

5. Proposed Reliability Standards should achieve a reliability goal effectively and efficiently — but do not necessarily have to reflect "best practices" without regard to implementation cost or historical regional infrastructure design.

Proposed regional Reliability Standard IRO-006-WECC-2 achieves its reliability goal effectively and efficiently. The proposed regional Reliability Standard accomplishes the reliability goal of ensuring mitigation of transmission overloads due to unscheduled flow on Qualified Transfer Paths in the same manner as the already approved regional Reliability StandardIRO-006-WECC-1. The proposed effective date allows for a reasonable time period after approval to allow implementation of software and other minimal required changes.

6. Proposed Reliability Standards cannot be "lowest common denominator," *i.e.*, cannot reflect a compromise that does not adequately protect Bulk-Power System reliability. Proposed Reliability Standards can consider costs to implement for smaller entities, but not at consequences of less than excellence in operating system reliability.

This proposed regional Reliability Standard does not reflect a "lowest common denominator" approach. The approach used in the proposed regional Reliability Standard is in essence the same as that used in the previously approved regional Reliability Standard.

7. Proposed Reliability Standards must be designed to apply throughout North America to the maximum extent achievable with a single Reliability Standard while not favoring one geographic area or regional model. It should take into account regional variations in the organization and corporate structures of transmission owners and operators, variations in generation fuel type and ownership patterns, and regional variations in market design if these affect the proposed Reliability Standard.

The proposed regional Reliability Standard is designed on a regional basis and will only apply to the WECC region. It is not intended to be applied throughout North America. This proposed regional Reliability Standard is based on the unique topography and configuration of the Western Interconnection.

8. Proposed Reliability Standards should cause no undue negative effect on competition or restriction of the grid beyond any restriction necessary for reliability.

This proposed regional Reliability Standard will not cause undue negative effects on competition or restriction of the grid. Because this proposed regional Reliability Standard will be applied equally across the WECC region, IRO-006-WECC-2 will not negatively affect competition.

9. The implementation time for the proposed Reliability Standard is reasonable.[1]

The implementation time for the regional Reliability Standard is based on implementation of the applicable webSAS software and at least 45 days after Regulatory approval. This time period is judged by the drafting team and the industry as being acceptable.

[1] Order No. 672 at P 333. In considering whether a proposed Reliability Standard is just and reasonable, FERC will consider also the timetable for implementation of the new requirements, including how the proposal balances any urgency in the need to implement it against the reasonableness of the time allowed for those who must comply to develop the necessary procedures, software, facilities, staffing or other relevant capability.

10. The Reliability Standard was developed in an open and fair manner and in accordance with the Reliability Standard development process.

WECC develops regional Reliability Standards in accordance with its *Reliability Standards Development Procedures* as found in **Exhibit C** of its Regional Delegation Agreement with NERC. The development process is open to any person or entity with a legitimate interest in the reliability of the Bulk Power System. WECC considers the comments of all stakeholders and an affirmative vote of the stakeholders and the WECC Board of Directors are both required to approve a regional Reliability Standard for submission to NERC and the applicable governmental authorities.

The proposed regional Reliability Standard has been developed and approved by industry stakeholders using WECC's *Reliability Standards Development Procedures* and was approved by the WECC Board of Directors on January 23, 2013. The proposed regional Reliability Standard was subsequently presented to and approved by the NERC Board of Trustees February 7, 2013. Therefore, WECC has utilized its standard development process in good faith and in a manner that is open and fair. No commenters disagreed with the open and fair implementation of the WECC process.

11. NERC must explain any balancing of vital public interests in the development of proposed Reliability Standards.

Neither NERC nor WECC believes there are competing public interests with the request for approval of this proposed regional Reliability Standard. No comments were received that indicated the proposed regional Reliability Standard conflicts with other vital public interests. Therefore it is not necessary to balance this regional Reliability Standard against any other competing public interests.

12. Proposed Reliability Standards must consider any other appropriate factors.

All comments and concerns were addressed using the WECC *Reliability Standards Development Procedures* which is consensus-based, technically sound, and open to the public and bordering entities that may be impacted by a regional Reliability Standard. No other factors were identified as necessary for consideration by the standard drafting team in the development of the proposed regional Reliability Standard.

Additional Criteria for Regional Reliability Standards

FERC Order No. 672 also establishes additional criteria that a regional Reliability Standard must satisfy: "A regional difference from a continent-wide Reliability Standard must either be (1) more stringent than the continent-wide Reliability Standard including a regional difference that addresses matters the continent-wide Reliability Standard does not, or (2) a Regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System."[2]

The NERC continent-wide Reliability Standard IRO-006-4 requires a Reliability Coordinator experiencing a potential or actual System Operating Limit ("SOL") or Interconnection Reliability Operating Limit ("IROL") violation to take appropriate actions to relieve transmission loading using local or Interconnection-wide procedures (Requirement R1). However, the proposed regional Reliability Standard goes beyond the NERC requirements by establishing a process to reduce schedules that prevent potential overloads during the next operating hour. Furthermore, proposed regional Reliability Standard IRO-006-WECC-2 Requirement R1 requires each Reliability Coordinator to approve or deny a request submitted by a Transmission Operator of a Qualified Transfer

[2] Order No. 672 at P 291.

Path within five minutes. Requirement R2 requires each Balancing Authority to approve the curtailment requests to the schedules as submitted, implement alternative actions, or a combination thereof, that collectively meet the Relief Requirement. Consistent with regional Reliability Standard IRO-006-WECC-1, the proposed regional Reliability Standard, IRO-006-WECC-2 is more stringent than the continent-wide Reliability Standard.