



June 8, 2011

VIA ELECTRONIC FILING

Ms. Erica Hamilton, Commission Secretary
British Columbia Utilities Commission
Box 250, 900 Howe Street
Sixth Floor
Vancouver, B.C.
V6Z 2N3

Re: *North American Electric Reliability Corporation*

Dear Ms. Hamilton:

The North American Electric Reliability Corporation (“NERC”) hereby submits this Notice of Filing of an interpretation to Requirement R10 of TOP-002-2a — Normal Operations Planning¹ as set forth in **Exhibit A** to this notice. The standard that includes the interpretation will be referred to as TOP-002-2b. For ease of reference, the interpretation will be referred to as TOP-002-2b in this filing.

The interpretation was approved by the NERC Board of Trustees on November 4, 2010.

NERC’s notice consists of the following:

- This transmittal letter;
- A table of contents for the filing;
- A narrative description explaining how the interpretation meets the reliability goal of the standard;

¹ TOP-002-2a currently has an interpretation to Requirement R 11 that is appended to the Reliability Standard and designated as TOP-002-2a. Because of the interpretation to Requirement R10 in this filing, NERC will now refer to the standard as TOP-002-2b.

- Interpretation of Requirement R10 of TOP-002-2a — Normal Operations Planning, (**Exhibit A**);
- Reliability Standard TOP-002-2b — Normal Operations Planning, that includes the appended interpretation of Requirement R10 (**Exhibit B**);
- Stakeholder comments received and an explanation of how those comments were considered for the interpretation of Requirement R10 of TOP-002-2a (**Exhibit C**);
- The complete development record of the interpretation (**Exhibit D**); and
- A roster of the interpretation drafting team (**Exhibit E**).

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Willie L. Phillips

Willie L. Phillips

*Attorney for North American Electric
Reliability Corporation*

**BEFORE THE
BRITISH COLUMBIA UTILITIES COMMISSION
OF THE PROVINCE OF BRITISH COLUMBIA**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF AN
INTERPRETATION TO REQUIREMENT R10
OF RELIABILITY STANDARD
TOP-002-2a— NORMAL OPERATIONS PLANNING**

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Holly A. Hawkins
Assistant General Counsel
Willie L. Phillips
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
willie.phillips@nerc.net

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TABLE OF CONTENTS

I.	Introduction	1
II.	Notices and Communications	2
III.	Background	2
	a. Basis of Proposed Interpretation	2
	b. Reliability Standards Development Procedure and Interpretation	2
IV.	Interpretation of Reliability Standard TOP-002-2a — Normal Operations Planning, Requirement R10	3
	a. Justification of Interpretation	4
	b. Summary of the Reliability Standard Development Proceedings	7
	c. Future Action	8

Exhibit A — Interpretation of Requirement R10 of TOP-002-2a — Normal Operations Planning.

Exhibit B — Reliability Standard TOP-002-2b — Normal Operations Planning, which includes the appended interpretation of Requirement R10.

Exhibit C — Stakeholder comments received and an explanation of how comments were considered for the interpretation of Requirement R10 of TOP-002-2a.

Exhibit D — Complete Record of Development of the Interpretation of Requirement R10 of TOP-002-2a — Normal Operations Planning.

Exhibit E — Roster of the Interpretation Drafting Team.

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) hereby provides notice of a proposed interpretation of Reliability Standard TOP-002-2a — Normal Operations Planning, Requirement R10. NERC will refer to the Reliability Standard as TOP-002-2b — Normal Operations Planning.

NERC’s interpretation process does not allow for modifications to the language contained in a Reliability Standard or in a requirement within a Reliability Standard through a request for an interpretation. A valid interpretation request is one that requests additional clarity about one or more requirements in a Reliability Standard and does not request approval as to how to comply with one or more requirements in a Reliability Standard. A valid interpretation in response to a request for interpretation provides additional clarity about one or more requirements within a Reliability Standard, but does not expand on the Reliability Standard or any requirement within the Reliability Standard.

The NERC Board of Trustees approved the interpretation to Requirement R10 of TOP-002-2a on November 4, 2010. . **Exhibit A** to this filing sets forth the interpretation. **Exhibit B** contains the re-designated TOP-002-2b Reliability Standard that includes the appended interpretation. **Exhibit C** contains the drafting team’s consideration of industry comments on the Interpretation of Requirement R10 of TOP-002-2a. **Exhibit D** contains the complete development record of the proposed interpretation of Requirement R10 to TOP-001-2a — Normal Operations Planning. **Exhibit E** contains a roster of the interpretation drafting team.

NERC is filed this interpretation with the Federal Energy Regulatory Commission (“FERC”), and is also filing this interpretation with the other applicable governmental authorities in Canada.

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
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

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III. BACKGROUND

a. Basis of Proposed Reliability Standard

While this interpretation does not represent a new or modified Reliability Standard, it does provide clarity with regard to the intent of the Reliability Standard.

b. Reliability Standards Development Procedure and Interpretation

All persons who are directly or materially affected by the reliability of the North American bulk power system are permitted to request an interpretation of a Reliability Standard, as discussed in NERC’s *Standard Processes Manual*, which is incorporated into the NERC Rules of Procedure as Appendix 3A.

Upon request, NERC will assemble a team with the relevant expertise to address the interpretation request. The interpretation drafting team is then required to draft a response to the request for interpretation and then present the interpretation response for industry ballot within 45 days. If approved by the ballot pool and the NERC Board of Trustees, the interpretation is appended to the Reliability Standard and filed for approval by FERC and applicable governmental authorities in Canada to be made effective when approved. When the affected Reliability Standard is next substantively revised, the interpretation will then be incorporated into the Reliability Standard as appropriate.

The NERC Standards Committee appointed the interpretation drafting team to draft the response to the request for interpretation of Requirement R10 of TOP-002-2a. The interpretation drafted by the interpretation drafting team is included as **Exhibit A** to this notice. The proposed interpretation included as Exhibit A to this petition was approved by industry stakeholders with a 93.44% weighed-sector vote on October 16, 2010, and subsequently approved by the NERC Board of Trustees on November 4, 2010.

IV. INTERPRETATION OF RELIABILITY STANDARD TOP-002-2A — NORMAL OPERATIONS PLANNING

In Section IV (a), below, NERC summarizes the interpretation of Requirement R10 of TOP-002-2a — Normal Operations Planning and explains the development of the interpretation. Section IV (b), below, describes the stakeholder ballot results and provides an explanation of how stakeholder comments were considered and addressed by the interpretation drafting team assembled to develop the interpretation. **Exhibit C** contains stakeholder comments received during the balloting and an explanation of how those comments were considered. The development record for the interpretation, set forth in **Exhibit D**, includes the request for the interpretation, the response to the request for

the interpretation, and the ballot pool and the final ballot results by registered ballot body members. **Exhibit E** contains a roster of the team members who developed the proposed interpretation.

a. Justification of Interpretation

On October 15, 2009, the Florida Municipal Power Pool (“FMPP”) requested an interpretation of Requirement R10 of TOP-002-2a. Requirement R10 of TOP-002-2a states:

R10. Each Balancing Authority and Transmission Operator shall plan to meet all System Operating Limits (SOLs) and Interconnection Reliability Operating Limits (IROLs).

Specifically, FMPP sought clarification with respect to whether the Balancing Authority must plan to maintain load-interchange-generation balance under the direction of the Transmission Operators to meet SOLs and IROLs:

Question:

In Requirement R10, is the requirement of the BA to plan to maintain load-interchange-generation balance under the direction of the TOPs meeting all SOLs and IROLs?

The interpretation drafting team was provided the following guidelines for developing a response to a request for interpretation:

With a clear understanding of the standard’s purpose and the technical engineering approach that best serves reliability, the team must judge whether the standard as written can be interpreted consistent with these interests using the following principles:

- a. The interpretation cannot change the requirement or standard. That is, the interpretation cannot expand the scope of the requirement beyond the language in the requirement.
- b. The interpretation must address the question posed or the team must explain why it cannot address the question.

- c. The interpretation drafting team has full latitude to respond to a question using requirements in other reliability standards that were not identified specifically in the request if that information addresses the issue.
- d. The interpretation itself must add clarity and not be ambiguous or subject to interpretation.
- e. The interpretation should address the intent of the requirement and be in the best interest of reliability.

The interpretation of the requirement, which if implemented by the applicable entities, will provide for a reliable bulk power system, in a manner consistent with good utility practice and the public interest. These principles and application guideline intend that the interpretation will not lower the current level of compliance to the requirement by the applicable entities.²

In response to FMPP’s interpretation request, the interpretation drafting team developed, and the industry stakeholders approved, the following interpretation:

Response:

Yes. As stated in the NERC *Glossary of Terms used in Reliability Standards*, the Balancing Authority is responsible for integrating resource plans ahead of time, maintaining load-interchange-generation balance within a Balancing Authority Area, and supporting Interconnection frequency in real time. The Balancing Authority does not possess the Bulk Electric System information necessary to manage transmission flows (MW, MVAR or Ampere) or voltage. Therefore, the Balancing Authority must follow the directions of the Transmission Operator to meet all SOLs and IROLs.

The interpretation is consistent with the stated purpose of the Reliability Standard, which is to ensure that current operation plans and procedures are prepared for reliable operations, including responses for unplanned events. The interpretation clarifies the planning responsibilities of Balancing Authorities by referencing the NERC *Glossary of Terms used in Reliability Standards*,³ which provides that a Balancing Authority is “the

² These guidelines were in force at the time the interpretation proposed for approval was developed.

³ *Glossary of Terms Used in NERC Reliability Standards*, available at: http://www.nerc.com/files/Glossary_of_Terms_2011Mar15.pdf.

responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.” The NERC *Glossary of Terms used in Reliability Standards* also provides that a Transmission Operator is “[t]he entity responsible for the reliability of its ‘local’ transmission system, and that operates or directs the operations of the transmission facilities.”

Therefore, the Transmission Operator is responsible for the real-time operation of the transmission assets under its purview, and as such has the authority to issue reliability-related directives to entities within its Transmission Operator area. Because the Balancing Authority does not possess the information necessary to manage transmission flows (MW, MVAR or Ampere) or voltage, the Balancing Authority must receive direction from the Transmission Operator and the Reliability Coordinator. Balancing Authorities must comply with reliability-related directives received from the Transmission Operator or the Reliability Coordinator regarding load, generation and interchange for transmission concerns.

In accordance with NERC Reliability Standards, the Balancing Authority is required to meet all control performance and disturbance recovery criteria for any system condition, and is required to maintain load-interchange-generation balance within its Balancing Authority Area while performing mitigation actions for exceeding IROL or SOL, or during routine operations where no transmission facilities are at risk. If the Balancing Authorities’ actions do not resolve the targeted transmission issues, then the Transmission Operator or Reliability Coordinator is responsible for directing alternative actions.

b. Summary of the Reliability Standard Development Proceedings

NERC posted the interpretation response for pre-ballot review on January 11, 2010. The initial ballot was conducted from February 10, 2010, through February 22, 2010, and achieved a quorum of 84.98 percent, with a weighted affirmative approval of 90.82 percent. Because there were negative votes included with comments, the results from the initial ballot were not final.

There were seven total comments received – three comments associated with affirmative votes and four comments associated with negative votes.⁴ The interpretation drafting team met via conference call to review and address all comments. Based on this review, the drafting team adopted two suggestions to make clarifying edits to the interpretation. The drafting team also provided an explanation in response to one commenter that did not result in any changes to the interpretation. Two commenters also provided similar recommendations for how the interpretation process might be generally improved. Finally, two voting entities made comments that suggested changes that were outside the scope of the NERC Interpretation Process.

A summary of comments and responses was posted on the NERC website for comment. No comments were received. A recirculation ballot for the revised interpretation was held from October 6, 2010, through October 16, 2010. The recirculation ballot and achieved a quorum of 91.21 percent and an approval of 93.44 percent.

⁴ See Exhibit C.

c. Future Action

NERC's *2011-2013 Reliability Standards Development Plan* includes Project 2007-03 (Real-time Transmission Operations).⁵ The drafting team for Project 2007-03 has already been appointed and has begun work to revise the following Reliability Standards:

- TOP-001-1 — Reliability Responsibilities and Authorities
- TOP-002-2 — Normal Operations Planning
- TOP-003-0 — Planned Outage Coordination
- TOP-004-1 — Transmission Operations
- TOP-005-1 — Operational Reliability Information
- TOP-006-1 — Monitoring System Conditions
- TOP-007-0 — Reporting Sol and IROL Violations
- TOP-008-0 — Response to Transmission Violations
- PER-001-0 — Operating Personnel Responsibility and Authority

In August of 2010, the drafting team for Project 2007-03 presented a draft TOP-002-3 — Operations Planning Reliability Standard to industry stakeholders for comment. The current draft of the TOP-002-3 standard provides even greater clarity regarding the distinction between tasks performed by the Transmission Operator and the tasks performed by the Balancing Authority. The current draft of the TOP-002-3 standard is anticipated to be presented to the NERC Board of Trustees for approval in 2011.

⁵ *2011-2013 Reliability Standards Development Plan*, available at: http://www.nerc.com/files/2011-2013_RS-Development-Plan_Revised_Rev_00_2011-03-2-BOT_approved_0310201_rev7.pdf.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
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david.cook@nerc.net

/s/ Willie L. Phillips
Holly A. Hawkins
Assistant General Counsel
Willie L. Phillips
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
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EXHIBITS A – E

(Available on the NERC Website at
http://www.nerc.com/fileUploads/File/Filings/Attachments_TOP-002-2a.pdf)