



April 13, 2011

**VIA ELECTRONIC FILING**

Lorraine Légère, Board Secretary  
New Brunswick Board of Commissioners of Public Utilities  
P.O. Box 5001  
15 Market Square, Suite 1400  
Saint John, NB  
E2L 4Y9

Re: *North American Electric Reliability Corporation*

Dear Ms. Légère:

The North American Electric Reliability Corporation (“NERC”) hereby submits this Notice of Filing of four revised Reliability Standards as well as the retirement of four existing approved Reliability Standards.

NERC provides notice of the following four revised Reliability Standards contained in **Exhibit A** to this petition: TPL-001-1 - System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-1b - System Performance Following Loss of a Single Bulk Electric System Element (Category B), TPL-003-1a - System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-1 - System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D).

This filing also provides notice of the retirement of four existing Reliability Standards:

- TPL-001-0.1 — System Performance Under Normal (No Contingency) Conditions (Category A)

- TPL-002-0b — System Performance Following Loss of a Single Bulk Electric System Element (Category B)
- TPL-003-0a — System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)
- TPL-004-0 — System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)

The proposed revised Reliability Standards were approved by the NERC Board of Trustees on February 17, 2011. TPL-001-1, TPL-002-1b, TPL-003-1a, and TPL-004-1 will be made effective in accordance with the effective date provisions contained in the proposed Reliability Standards. NERC further provides notice of the retirement of the existing standards listed above, concurrent with the implementation of TPL-001-1, TPL-002-1b, TPL-003-1a, and TPL-004-1.

NERC's notice consists of the following:

- This transmittal letter;
- A table of contents for the entire notice;
- A narrative description explaining how the proposed reliability standards meet the goals of reliability;
- Reliability standards TPL-001-1, TPL-002-1b, TPL-003-1a, and TPL-004-1 (**Exhibit A**);
- Standard Drafting Team Roster (**Exhibit B**); and
- The complete development record of the proposed revised Reliability Standards (**Exhibit C**).

Please contact the undersigned if you have any questions.

Respectfully submitted,

*/s/ Andrew M. Dressel*  
*Attorney for North American Electric*  
*Reliability Corporation*

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**BEFORE THE  
MINISTRY OF ENERGY  
OF THE PROVINCE OF NEW BRUNSWICK**

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**NOTICE OF FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
OF FOUR TRANSMISSION PLANNING SYSTEM PERFORMANCE  
RELIABILITY STANDARDS AND RETIREMENT OF FOUR EXISTING  
RELIABILITY STANDARDS**

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](mailto:david.cook@nerc.net)

Holly A. Hawkins  
Assistant General Counsel for Standards and  
Critical Infrastructure Protection  
Andrew M. Dressel  
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](mailto:holly.hawkins@nerc.net)  
[andrew.dressel@nerc.net](mailto:andrew.dressel@nerc.net)

April 13, 2011

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**Exhibit A** — Reliability Standards

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**Exhibit C** — Stakeholder Comments Received and Standard Drafting Team  
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**Exhibit D** — Record of Development of Proposed Reliability Standards

## **I. INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”) hereby submits notice of four revised Reliability Standards: TPL-001-1 - System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-1b - System Performance Following Loss of a Single Bulk Electric System Element (Category B), TPL-003-1a - System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-1 - System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D). NERC also provides notice of the concurrent retirement of four existing Reliability Standards: TPL-001-0.1 — System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-0b — System Performance Following Loss of a Single BES Element (Category B), TPL-003-0a — System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-0 — System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D).

The purpose of these changes is to clarify TPL Table 1, footnote ‘b’, as directed in Federal Energy Regulatory Commission (“FERC”) Order No. 693.<sup>1</sup>

The NERC Board of Trustees approved these Reliability Standards on February 17, 2011. **Exhibit A** to this filing sets forth the proposed Reliability Standards. **Exhibit B** contains the standard drafting team roster that developed the proposed Reliability Standards. **Exhibit C** contains Stakeholder Comments Received and the Standard Drafting Team Response. **Exhibit D** contains the complete development record of the proposed Reliability Standards.

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<sup>1</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1797 (2007), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

NERC filed these proposed Reliability Standards with FERC, and is also filing these proposed Reliability Standards 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  
1120 G Street, N.W. Suite 990  
Washington, D.C. 20005-3801  
(202) 383-2621  
(202) 393-3955 – facsimile  
[david.cook@nerc.net](mailto:david.cook@nerc.net)

Holly A. Hawkins  
Assistant General Counsel for Standards  
and Critical Infrastructure Protection  
Andrew M. Dressel  
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](mailto:holly.hawkins@nerc.net)  
[andrew.dressel@nerc.net](mailto:andrew.dressel@nerc.net)

## **III. BACKGROUND**

### **a. Basis for Proposed Changes to Reliability Standards**

The proposed Reliability Standards, TPL-001-1, TPL-002-1b, TPL-003-1a, and TPL-004-1 are intended to ensure that system simulations and associated assessments are conducted periodically to ensure that reliable systems are developed that meet specified performance requirements, with sufficient lead time and continue to be modified or upgraded as necessary to meet present and future system needs. The proposed standards apply to Planning Authorities and Transmission Planners.

The proposed standards represent a significant revision and improvement relative to the current set of enforceable standards. This project focused on clarifying TPL Table 1, footnote

‘b’, as required in FERC Order No. 693 and as mandated in FERC’s subsequent order dated March 18, 2010, setting a deadline for compliance specific to the footnote ‘b’ clarification originally described in Order 693 (“March 18 Order”).<sup>2</sup> On June 11, 2010, FERC issued a subsequent order in response to re-hearing and clarification requests which extended the compliance filing timeline nine months from the original date of June 30, 2010 to March 31, 2011.<sup>3</sup> Addressed herein and discussed in more detail below are the footnote b revisions in response to the FERC directives issued in Order No. 693 and the March 18 Order. TPL Table 1, footnote ‘b’ appears in all four proposed Reliability Standards, TPL-001-1 - System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-1b - System Performance Following Loss of a Single Bulk Electric System Element (Category B), TPL-003-1a - System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-1 - System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D). Revised footnote ‘b’ now:

- Provides a clear and concise description of when interruption of Demand may be utilized within the planning process to address Bulk Electric System (“BES”) performance requirements and a description of the process that must be followed; and
- Provides a clear and concise explanation of when curtailment of firm transfers is allowed.

The Standard Drafting Team (SDT) addressed the following directive issued in FERC Order No. 693 which is discussed in greater detail later in this filing:

Based on the record before us, we believe that the transmission planning Reliability Standard should not allow an entity to plan for the loss of non-consequential load in the event of a single contingency. The Commission directs the ERO to clarify the Reliability Standard. Regarding the comments of Entergy and Northern Indiana that the Reliability Standard should allow entities to plan for the loss of firm service for a single contingency, the Commission finds that their comments may be considered through the Reliability Standards development process. However, we strongly discourage an

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<sup>2</sup> *Order Setting Deadline for Compliance*, 130 FERC ¶ 61,200 (2010) at P 2, 10.

<sup>3</sup> *Order Denying Rehearing and Granting Partial Clarification, Denying Request For Stay, And Granting Extension Of Time*, 131 FERC ¶ 61,231 (2010) at P 3.



approach that reflects the lowest common denominator. The Commission also clarifies that an entity may seek a regional difference to the Reliability Standard from the ERO for case-specific circumstances.<sup>4</sup> [Citations omitted]

#### **b. Reliability Standards Development Procedure**

NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Standard Processes Manual*, which is incorporated into the Rules of Procedure as Appendix 3A.<sup>5</sup> NERC's rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards.

The Reliability Standards development process is open to any person or entity with a legitimate interest in the reliability of the bulk power system. NERC considers the comments of all stakeholders, and an affirmative vote of stakeholders and the NERC Board of Trustees is required to approve a reliability standard before its submission to the applicable governmental authorities.

The proposed Reliability Standards set out in **Exhibit A** have been developed and approved by industry stakeholders using the procedures established in NERC's *Standard Processes Manual*. These standards were approved by the NERC Board of Trustees on February 17, 2011.

#### **IV. JUSTIFICATION OF PROPOSED RELIABILITY STANDARDS**

This section summarizes the development of the proposed Reliability Standards TPL-001—System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-1b—System Performance Following Loss of a Single Bulk Electric System Element

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<sup>4</sup> Order No. 693 at P 1794.

<sup>5</sup> NERC Standard Processes Manual (2010). Available at: [http://www.nerc.com/docs/standards/sar/Appendix\\_3A\\_Standard\\_Processes\\_Manual\\_20100903\\_2\\_.pdf](http://www.nerc.com/docs/standards/sar/Appendix_3A_Standard_Processes_Manual_20100903_2_.pdf).

(Category B), TPL-003-1a—System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-1—System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D). This section also includes evidence that the proposed Reliability Standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

The standard drafting team roster is provided in **Exhibit B**. Stakeholder Comments Received and Standard Drafting Team Response are provided in **Exhibit C**. The complete development record for the proposed Reliability Standards is available in **Exhibit D**. This record includes the draft of the Reliability Standards through the development; the implementation plan; the ballot pool and the final ballot results by registered ballot body members; stakeholder comments received during the development of the Reliability Standards; and how those comments were considered in developing the Reliability Standards.

The purpose of the TPL Reliability Standards is to establish Transmission system planning performance requirements within the planning horizon to develop a BES that will operate reliably over a broad spectrum of System conditions and following a wide range of probable Contingencies. This project was restricted to the clarification of Table 1, footnote ‘b’ which appears in all four Reliability Standards, TPL-001-1—System Performance Under Normal (No Contingency) Conditions (Category A), TPL-002-1b—System Performance Following Loss of a Single Bulk Electric System Element (Category B), TPL-003-1a—System Performance Following Loss of Two or More Bulk Electric System Elements (Category C), and TPL-004-1—System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D). No requirements within those Reliability Standards or any other element of those Reliability Standards were altered in any fashion. While footnote ‘b’

appears in all four of the aforementioned TPL standards, its relevance and practical applicability is limited to TPL-002-1b—System Performance Following Loss of a Single Bulk Electric System Element (Category B).

Upon the implementation of the four preceding proposed standards, the currently effective TPL-001-0.1, TPL-002-0b, TPL-003-0a, and TPL-004-0, are proposed to be retired in their entirety.

The Implementation Plan for these standards requires compliance consistent with the scheduled effective date six months after the first day of the first calendar quarter following applicable regulatory approval depending on the requirement. In those jurisdictions where no regulatory approval is required, all requirements go into effect six months after NERC Board of Trustees adoption.

The proposed revised footnote b for Table 1 is as follows:

An objective of the planning process should be to minimize the likelihood and magnitude of interruption of firm transfers or Firm Demand following Contingency events. Curtailment of firm transfers is allowed when achieved through the appropriate re-dispatch of resources obligated to re-dispatch, where it can be demonstrated that Facilities, internal and external to the Transmission Planner's planning region, remain within applicable Facility Ratings and the re-dispatch does not result in the shedding of any Firm Demand. It is recognized that Firm Demand will be interrupted if it is: (1) directly served by the Elements removed from service as a result of the Contingency, or (2) Interruptible Demand or Demand-Side Management Load. Furthermore, in limited circumstances Firm Demand may need to be interrupted to address BES performance requirements. When interruption of Firm Demand is utilized within the planning process to address BES performance requirements, such interruption is limited to circumstances where the use of Demand interruption are documented, including alternatives evaluated; and where the Demand interruption is subject to review in an open and transparent stakeholder process that includes addressing stakeholder comments.

The revised footnote 'b' is intended to address FERC's directives in Order No. 693.

Specifically, NERC addressed FERC's instruction to clarify "footnote 'b' in regard to load loss following a single contingency, specifying the amount and duration of consequential load loss and system adjustments permitted after the first contingency to return the system to a normal

operating state.”<sup>6</sup> However, NERC did not delete in its entirety the ability of an entity “to plan for the loss of non-consequential load in the event of a single contingency.”<sup>7</sup> Rather NERC crafted a footnote that meets FERC’s objective while simultaneously meeting the needs of industry and respecting of jurisdictional bounds. No longer can those registered with NERC as Planning Authorities or Transmission Planners plan to interrupt Load under a Category B (N-1) Contingency event unless the registered functions meet the specified conditions detailed in the footnote. NERC’s proposed revision to footnote ‘b’ is an equally effective and efficient alternative to address FERC’s directive that must be given its due weight by FERC.<sup>8</sup>

**a. Demonstration that the proposed reliability standard is just, reasonable, not unduly discriminatory or preferential and in the public interest**

**1. Proposed Reliability Standards are designed to achieve a specified reliability goal**

Footnote ‘b’ now specifically establishes the requirements for the limited circumstances when and how an entity can plan on interrupting Demand for Category B Contingencies as well as the process and documentation required.

**2. Proposed Reliability Standards contain a technically sound method to achieve the goal**

The proposed footnote contains technically sound methods to achieve the goal of establishing the criteria for the limited circumstances when and how an entity can plan on interrupting Demand for Category B Contingencies.

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<sup>6</sup> Order No. 693 at P 1797.

<sup>7</sup> Order No. 693 at P 1794.

<sup>8</sup> Section 215(d)(2) of the FPA, 16 U.S.C. § 824o(d)(2) (2000).

**3. Proposed Reliability Standards are applicable to users, owners, and operators of the bulk power system, and not others**

The proposed footnote is applicable to users, owners, and operators of the bulk power system, and not others. Specifically, the proposed footnote is applicable to Planning Authorities and Transmission Planners, each clearly a user, owner, or operator of the bulk power system.

**4. Proposed Reliability Standards are clear and unambiguous as to what is required and who is required to comply**

The proposed footnote is clear and unambiguous as to what is required and who is required to comply. The applicability of the proposed Reliability Standards will remain unchanged from the currently existing versions.

**5. Proposed Reliability Standards include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

The proposed footnote includes clear and understandable consequences. No changes were made to any of the approved VRFs and VSLs.

**6. Proposed Reliability Standards identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

The proposed footnote identifies clear and objective criteria to support enforcement in a consistent and non-preferential manner. The language used in the footnote clearly identifies what is expected of the applicable entity.

**7. Proposed Reliability Standards achieve a reliability goal effectively and efficiently — but do not necessarily have to reflect “best practices” without regard to implementation cost**

The proposed footnote achieves its reliability goal effectively and efficiently. The proposed Reliability Standards make use of existing practices in some areas and in others use simple extrapolations of things that applicable entities already do. The reliability goal for the revised footnote should be easily attainable without any undue implementation costs.

**8. Proposed Reliability Standards are not “lowest common denominator,” *i.e.*, do not reflect a compromise that does not adequately protect bulk power system reliability**

The proposed footnote is more stringent than current requirements with the addition of an open and transparent stakeholder process and the requirement to address stakeholder concerns arising out of that process. Therefore the proposed standards cannot be said to represent the “lowest common denominator” that does not adequately protect bulk power system reliability.

**9. Proposed Reliability Standards consider costs to implement for smaller entities but not at consequence of less than excellence in operating system reliability**

The proposed footnote does not differentiate among entities based on size or cost. The revisions to the Reliability Standards make use of existing practices in some areas and in others use simple extrapolations of things that applicable entities already do. The reliability goal for the revised footnote should be easily attainable without any undue implementation costs and smaller entities should not be unduly affected.

**10. Proposed Reliability Standards are designed to apply throughout North America to the maximum extent achievable with a single Reliability Standard while not favoring one area or approach**

The proposed footnote is designed to apply throughout North America. The footnote as drafted proposes no regional differences or variances.

**11. Proposed Reliability Standards cause no undue negative effect on competition or restriction of the grid**

There is no basis for anticipating that the proposed footnote will adversely affect competition or restrict available transmission capability beyond what is necessary for reliability.

**12. The implementation time for the proposed Reliability Standards are reasonable**

The proposed footnote changes include a proposed effective date for those standards. As noted above, the proposed footnote is more stringent in several areas. NERC believes the proposed effective date represents a reasonable time frame to allow all entities to adequately prepare for compliance with the footnote. Compliance is already required for Reliability Standards TPL-001-0.1, TPL-002-0b, TPL-003-0a, and TPL-004-0.

**13. The Reliability Standard development process was open and fair**

NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC *Standard Processes Manual*, which was incorporated into the Rules of Procedure as Appendix 3A. NERC's rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. The development process is open to any person or entity with a legitimate interest in the reliability of the bulk power system. NERC considers the comments of all stakeholders and an affirmative vote of stakeholders and the NERC Board of

Trustees is required to approve a Reliability Standard for submission to the applicable governmental authorities.

The proposed Reliability Standards set out in **Exhibit A** have been developed and approved by industry stakeholders using the process found in NERC's *Standard Processes Manual*, and were approved by the NERC Board of Trustees on February 17, 2011 for filing with the applicable governmental authorities. Therefore, NERC has utilized its approved standard development process in good faith and in a manner that is open and fair.

#### **14. Proposed Reliability Standards balance with other vital public interests**

This footnote is focused on ensuring transmission system planning performance within the planning horizon is met in order to develop a bulk power system that will operate reliably over a broad spectrum of system conditions and following a wide range of probable contingencies. No other environmental, social, or other goals are affected by these proposed standards.

#### **15. Proposed Reliability Standards consider any other relevant factors**

An overview of the issues raised in consideration of the proposed standard, included in Exhibit B, is presented in a matrix and demonstrates how industry comments from previous work, as well as directives from Order No. 693, were addressed in this standard development project.

### **V. VIOLATION RISK FACTORS AND VIOLATION SEVERITY LEVELS**

Because this project dealt solely with clarifying the footnote, no changes were made to any of the previously approved VRFs and VSLs.



## **VI. SUMMARY OF THE RELIABILITY STANDARD DEVELOPMENT PROCEEDINGS**

### **a. Development History**

On April 14, 2010, NERC received, and the Standards Committee approved, a standards authorization request (“SAR”) for Project 2010-11 TPL Table 1 Order. The purpose of the SAR was to clarify TPL Table 1, footnote ‘b’, as directed in FERC Order No. 693.<sup>9</sup>

The SDT posted the proposed footnote for a 45-day industry comment period in parallel with an initial ballot from April 15, 2010 to May 27, 2010. A quorum of 84.41% was achieved and the proposal garnered an approval of 63.75%. In response, there were 22 sets of comments, including comments from more than 80 different people from approximately 40 companies representing 8 of the 10 industry segments. Comments focused on ambiguity in footnote ‘b’ and concerns that the footnote was too prescriptive. Stakeholders identified that the terminology used in the proposed footnote ‘b’ didn’t match the terminology used in the associated column heading of Table 1 – ‘Loss of Demand or Curtailed Firm Transfers.’ For additional clarity, the team made the following terminology changes: (a) replacing the term ‘Load’ with ‘Demand’ and (b) replacing the term ‘Firm Transmission Service’ with ‘firm transfers’.

While the initial ballot result was close to achieving the required approval percentage, it became clear to the SDT from the comments received on the standards that there were still a number of concerns with the proposed clarification. In particular, entities were concerned that the proposal was still unclear and too limiting on the proposed conditions when Demand could be interrupted. Also, there were numerous concerns raised on jurisdictional issues with regard to interrupting Demand. In short, the needed clarification hadn’t been achieved. Therefore, the SDT continued discussions on different alternatives to address the needed clarification. This led

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<sup>9</sup> Order No. 693 at P 1797.

the SDT to focus on identifying constraining parameters such as the amount of Demand that could be interrupted.

In order to receive additional industry feedback, NERC held a Technical Conference on August 10, 2010 to address four specific questions arising from the FERC June 11, 2010 clarification order. These four questions were:

1. Under what circumstances do you believe the existing footnote 'b' allows an entity to plan to shed non-consequential firm load for a single contingency (Category B)? Please provide specific information to the extent possible.
2. The June 11<sup>th</sup> order from FERC suggested that planning to shed non-consequential firm load for a single contingency (Category B) could be applied at the fringes of a system. Is this limitation appropriate and if so, please define it? What other specific criteria could be applied to limit the planned use of non-consequential firm load loss for a single contingency (Category B)?
3. If footnote 'b' were re-stated such that there would be no planned loss of non-consequential firm load allowed for a single contingency event (Category B), what changes to your transmission plan would be required? Please quantify your response to the extent possible.
4. The June 11<sup>th</sup> order from FERC suggested that planning to shed non-consequential firm load for a single contingency (Category B) could be handled on a case-by-case basis with affected entities asking for an exception from the ERO. Could you support such a process? If your response is no, then what process would you suggest? If your response is yes, then what technical criteria should be developed to identify and evaluate cases?

In summary, the SDT received responses indicating:

- Industry believes that interrupting non-consequential Demand for Category B Contingencies was appropriate in certain limited circumstances and that such usage was not widespread.
- Use of the term ‘fringes’ was seen as problematic and application at the ‘fringes’ could possibly be discriminatory.
- If interruption of non-consequential Demand was not allowed, such a policy would result in significant costs to customers for limited benefits.
- A case-by-case exception process that required ERO or FERC approval was not viewed as an acceptable approach due to possible inconsistencies in approach and potential unacceptable delays.
- Prohibition on interrupting of non-consequential Demand for Category B Contingencies is not necessary to protect bulk power system reliability and oversight of reliable electric service to end-use customers under these circumstances should be determined by the local regulators.

The SDT reviewed and evaluated the responses and returned to their deliberations attempting to synthesize the existing work with the industry comments to develop a clarification to footnote ‘b’ to address FERC’s directives. This led to the approach where the SDT has taken the concept of allowing interruption of Demand without numerical constraints in an open and transparent stakeholder process. This open and transparent stakeholder process is seen by NERC, the SDT, and the industry as an enhancement of existing entity processes without the problems associated with the ERO or FERC case-by-case exception process. The SDT believed

that this approach addresses industry concerns and the FERC Order 693 directives (and subsequent orders) seeking clarification to footnote ‘b’ in a way that is an equal and effective method to the statements in Order 693. This revision provides the needed clarification while limiting the circumstances when an entity may interrupt Demand. Placing restrictions on when an entity may interrupt Demand leaves the necessary tools in the hands of the planners while still protecting the interests of end-use customers.

The SDT revised the draft footnote accordingly and re-posted for industry comment from September 8, 2010 to October 8, 2010. This time, 42 sets of comments, including comments from more than 96 different people from approximately 75 companies representing 7 of the 10 Industry Segments were received. Industry response was divided in relation to support for the proposed footnote ‘b’. Although there were a number of supporters for the proposed footnote, they were outnumbered by commenters who did not support the changes for various reasons.

The SDT again revised the draft footnote to accommodate industry concerns and posted it for parallel comment and balloting between November 19, 2010 and January 5, 2011. In response to this posting, there were 27 sets of comments, including comments from more than 67 different people from approximately 30 companies representing 8 of the 10 Industry Segments. With a 90.42 percent quorum participating in the ballot, the proposed footnote achieved a weighted segment approval of 88.33 percent. Of the negative votes, 39 were accompanied by comments.

There were five main themes to the comments supplied:

1. The language concerning the stakeholder process wasn’t needed.
2. Confusion on the use of the terms “Interruptible” and “DSM.”
3. The preamble to the footnote wasn’t appropriate for Reliability Standards.
4. The proposed footnote was not restrictive enough because it allowed interruption of Load.

5. Clarification was needed with respect to the use of curtailment of firm transfers.

The SDT addressed all of the ballot comments and restructured the ordering of the items in the footnote to clarify the intent of the SDT revisions.

The SDT believes that this approach addresses the FERC Order 693 (and subsequent orders) directives concerning the planned use of loss of firm Load for a single Contingency in footnote 'b' in a way that is an equal and effective method to what was proposed by FERC in Order No. 693. This approach protects bulk power system reliability and ensures that any use of footnote b will be vetted in an open, transparent stakeholder process.

NERC conducted a recirculation ballot from January 26, 2011 through February 5, 2011. With a 93.61 percent quorum participating in the ballot, the proposed footnote achieved a weighted segment approval of 86.54 percent. The NERC Board of Trustees approved the standards during its February 17, 2011 meeting.

Respectfully submitted,

/s/ Andrew M. Dressel  
Andrew M. Dressel

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](mailto:david.cook@nerc.net)

Holly A. Hawkins  
Assistant General Counsel for Standards  
and Critical Infrastructure Protection  
Andrew M. Dressel  
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](mailto:holly.hawkins@nerc.net)  
[andrew.dressel@nerc.net](mailto:andrew.dressel@nerc.net)

## **Exhibits A - D**

(Available on the NERC Website at

[http://www.nerc.com/fileUploads/File/Filings/Attachments\\_TPL\\_Table\\_1\\_Fn\\_B.pdf](http://www.nerc.com/fileUploads/File/Filings/Attachments_TPL_Table_1_Fn_B.pdf)