

August 25, 2016

VIA OVERNIGHT MAIL

Sheri Young, Secretary of the Board
National Energy Board
517 – 10th Avenue SW
Calgary, Alberta
T2R 0A8

Re: *North American Electric Reliability Corporation*

Dear Ms. Young:

The North American Electric Reliability Corporation hereby submits Notice of Filing of the North American Electric Reliability Corporation of Proposed Reliability Standard COM-001-3. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Holly A. Hawkins

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*Associate General Counsel for the North
American Electric Reliability Corporation*

Enclosure

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**BEFORE THE
NATIONAL ENERGY BOARD**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF PROPOSED RELIABILITY STANDARD
COM-001-3**

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Proposed Reliability Standard COM-001-3, with its new Requirements R12 and R13, is just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC also provides notice of the proposed Implementation Plan, retirement of Reliability Standard COM-001-2.1, and VRFs and VSLs for new Requirements R12 and R13, all effective as provided in the Implementation Plan. On this effective date, proposed Reliability Standard COM-001-3 will supersede and replace COM-001-2.1.

This filing presents the technical basis and purpose of proposed Reliability Standard COM-001-3, summarizes the development history (Exhibit F), and demonstrates that the proposed Reliability Standard meets the Reliability Standards criteria (Exhibit C).

I. EXECUTIVE SUMMARY

In approving Reliability Standard COM-001-2, FERC “direct[ed] NERC to develop modifications to COM-001-2, or to develop a new standard, to address our concerns regarding ensuring the adequacy of internal communications capability whenever internal communications could directly affect the reliable operation of the Bulk-Power System.”² NERC developed Requirements R12 and R13 in proposed Reliability Standard COM-001-3 to address this directive.

Proposed Requirements R12 and R13 address internal communication capabilities whenever such communications could directly affect reliable operation of the Bulk-Power System (including through communications within functional entities). NERC’s proposed revisions require that, consistent with FERC’s directive, responsible entities maintain internal Interpersonal Communication capabilities for the exchange of information necessary for Reliable Operation of the Bulk Electric System (“BES”) (this includes, for example, communication

² See, Order No. 808, at P 41.

capabilities between control centers and field personnel). These Requirements enhance reliability by clearly encompassing internal Interpersonal Communications within the scope of Reliability Standard COM-001-3.

Proposed Reliability Standard COM-001-3, the associated Implementation Plan, and VRFs/VSLs for Requirements R12 and R13, are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

II. NOTICES AND COMMUNICATIONS

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

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III. BACKGROUND

A. NERC Reliability Standards Development Procedure

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

Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual.³

NERC's proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards, and thus satisfy certain of the criteria for approving 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 stakeholders must approve, and the NERC Board of Trustees must adopt a Reliability Standard before the Reliability Standard is submitted to the applicable governmental authorities.

B. Procedural History of Proposed Reliability Standard COM-001-3

As described below, the standard drafting team designed proposed Reliability Standard to include two new requirements on internal Interpersonal Communication capabilities in compliance with FERC's directive in Order No. 808. This section summarizes the history leading to development of proposed Reliability Standard COM-001-3.

1. History of COM-001-2.1 and Order No. 808

NERC originally implemented Reliability Standard COM-001-0 (*Telecommunications*) on April 1, 2005. This version sought to ensure coordinated telecommunications among operating entities, and was submitted in NERC's April 4, 2006 filing of proposed Reliability Standards. Reliability Standard COM-001-0 was later revised and replaced by COM-001-1 to include certain missing compliance elements. In Order No. 693, FERC approved Reliability Standard COM-001-1, while issuing directives to improve the standard, including a directive to

³ The NERC *Rules of Procedure* are available at <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>. The NERC *Standard Processes Manual* is available at http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf.

include Generator Operators and Distribution Providers as applicable entities and identify specific requirements for telecommunications facilities.⁴ An errata to the standard was submitted on May, 132009, resulting in Reliability Standard COM-001-1.1.

Subsequently, NERC developed further revisions to comply with the directives in Order No. 693 and improve the standard. On May 29, 2014, NERC filed Reliability Standard COM-001-2 to improve COM-001-1.1 and comply with remaining FERC directives in Order No. 693.⁵ Reliability Standard COM-001-2 established a clear set of requirements for the communications capabilities that various functional entities must maintain for reliable communications. On April 16, 2015, in Order No. 808, FERC approved Reliability Standard COM-001-2, new definitions associated with the revisions, VRFs and VSLs for COM-001-2, and the proposed Implementation Plan. FERC also directed a modification to Reliability Standard COM-001-2 to address “internal communications capabilities to the extent that such communications could involve the issuance or receipt of Operating Instructions or other communications that could have an impact on reliability.”⁶ FERC found that while Reliability Standard COM-001-2 would enhance reliability, it was not persuaded that the standard adequately covered all situations in which Operating Instructions are issued or received.⁷

In particular, FERC explained that Requirement R1.1 of the prior version of the standard better addressed internal Interpersonal Communication capabilities. FERC stated that Requirement R1.1 of COM-001-1.1 provided that “each reliability coordinator, transmission

⁴ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 Fed. Reg. 16416, FERC Stats. & Regs. ¶ 31,242, PP 487-93, 502-04, 508, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁵ The filing also included Reliability Standard COM-002-4 (*Operating Personnel Communications Protocols*).

⁶ Order No. 808, at P 1.

⁷ *Id.* at P 3.

operator, and balancing authority ‘shall provide adequate and reliable telecommunication facilities for the exchange of Interconnection and operating information . . . internally.’”⁸ FERC provided that even though Reliability Standard COM-001-2 applies to communications between functional entities within a single organization, Requirement R1.1 of COM-001-1.1 was broader by explicitly applying to internal communications within the same functional entity.⁹ As a result, FERC determined:

Thus, unlike the currently-effective Reliability Standard, COM-001-2 does not address the adequacy of internal telecommunications (or other internal communication systems) that may have an adverse effect on reliability, even within a single functional entity, including: (1) communications between geographically separate control centers within the same functional entity; and (2) communications between a control center and field personnel. These scenarios present a gap in reliability of the Bulk-Power System that NERC should address. Accordingly, pursuant to section 215(d)(5) of the FPA, we direct NERC to develop modifications to COM-001-2, or to develop a new standard, to address our concerns regarding ensuring the adequacy of internal communications capability whenever internal communications could directly affect the reliable operation of the Bulk-Power System.¹⁰

NERC subsequently filed an errata to COM-001-2 on September 2, 2015 to reflect typographical corrections, resulting in currently-effective Reliability Standard COM-001-2.1.

2. **Project 2015-07 Internal Communications Capabilities**

NERC established Project 2015-07 Internal Communications Capabilities upon FERC’s issuance of Order No. 808, to comply with FERC’s directive to address internal communications capability, whenever such communications could directly affect Reliable Operation of the Bulk-Power System.¹¹ In order to achieve this goal, proposed Reliability Standard COM-001-3

⁸ *Id.* at P 41.

⁹ *Id.* at PP 41-42.

¹⁰ *Id.* at P 41.

¹¹ *See*, Standard Authorization Request, *available at*

[http://www.nerc.com/pa/Stand/Project%20201507%20Internal%20Communications%20Capabilitie/2015-07 Internal Comm Cap SAR 06112015.pdf](http://www.nerc.com/pa/Stand/Project%20201507%20Internal%20Communications%20Capabilitie/2015-07%20Internal%20Comm%20Cap%20SAR%2006112015.pdf).

incorporates two new Requirements R12 and R13, detailed in Section IV below. These two Requirements explicitly address internal Interpersonal Communication capabilities. The proposed standard is intended to replace and retire Reliability Standard COM-001-2.1, consistent with the Implementation Plan.

IV. JUSTIFICATION

As discussed below and in Exhibit C, proposed Reliability Standard COM-001-3 satisfies the Reliability Standards criteria and is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The following subsections provide: (A) a description of the proposed standard, its reliability purposes, and applicable entities; (B) justification for the proposed Reliability Standard, detailing the proposed revisions; and (C) discussion of the enforceability of the proposed Reliability Standard. As discussed herein, the revised standard complies with FERC’s directive in Order No. 808 for development of “modifications to COM-001-2, or ... a new standard, to address [the Commission’s] concerns regarding ensuring the adequacy of internal communications capability whenever internal communications could directly affect the reliable operation of the Bulk-Power System.”¹²

A. Proposed Reliability Standard COM-001-3 and Applicable Entities

The purpose of proposed Reliability Standard COM-001-3 is “[t]o establish Interpersonal Communication capabilities necessary to maintain reliability.”¹³ The proposed standard revises Reliability Standard COM-001-2.1 pursuant to FERC’s directive in Order No. 808, by adding new Requirements R12 and R13 to expressly require applicable entities to “have internal Interpersonal Communication capabilities for the exchange of information necessary for the

¹² Order No. 808, at P 41.

¹³ See Exhibit A, attached herein

Reliable Operation of the BES. This includes communication capabilities between Control Centers within the same functional entity, and/or between a Control Center and field personnel.”¹⁴

The standard applies to Transmission Operators, Balancing Authorities, Reliability Coordinators, Distribution Providers, and Generator Operators. These are the same entities currently subject to Reliability Standard COM-001-2.1. Inclusion of Distribution Providers and Generator Operators is also consistent with revisions made in Reliability Standard COM-001-2 to comply with FERC’s directive in Order No. 693 that the standard should apply to Generator Operators and Distribution Providers.¹⁵

B. Justification for Proposed Reliability Standard COM-001-3 and Revisions

The revisions described herein and reflected at Requirements R12 and R13 of COM-001-3 are as follows:¹⁶

R12. Each Reliability Coordinator, Transmission Operator, Generator Operator, and Balancing Authority shall have internal Interpersonal Communication capabilities for the exchange of information necessary for the Reliable Operation of the BES. This includes communication capabilities between Control Centers within the same functional entity, and/or between a Control Center and field personnel. *[Violation Risk Factor: High] [Time Horizon: Real-time Operations]*

M12. Each Reliability Coordinator, Transmission Operator, Generator Operator, and Balancing Authority shall have and provide upon request evidence that it has internal Interpersonal Communication capability, which could include, but is not limited to:

- physical assets, or

¹⁴ See, proposed Requirements R12 and R13. In Requirement R13, control center is not capitalized as it is a Distribution Provider control center. As reflected in the Rationale supporting Requirement R13, in Requirement R13 “control center is intended to mean the Distribution Provider facilities hosting operating personnel performing the operational functions of the Distribution Provider that are necessary for the reliable operation of the BES, often referred to as a distribution control center, or distribution center. Examples of Distribution Providers exchanging information necessary for the Reliable Operation of the BES include Distribution Providers included in restoration plans, load shed plans, load reconfiguration, and voltage control plans. The Distribution Provider must have the capability to exchange information whenever the internal Interpersonal Communications may directly impact operations of the BES.”

¹⁵ See e.g., Order No. 693, at PP 487-493.

¹⁶ See Exhibit A for full redline (the redline also includes edits to match NERC’s Standard template, such as moving measures near the relevant requirements).

- dated evidence, such as, equipment specifications and installation documentation, operating procedures, test records, operator logs, voice recordings, transcripts of voice recordings, or electronic communications.

R13. Each Distribution Provider shall have internal Interpersonal Communication capabilities for the exchange of information necessary for the Reliable Operation of the BES. This includes communication capabilities between control centers within the same functional entity, and/or between a control center and field personnel. *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*

M13. Each Distribution Provider shall have and provide upon request evidence that it has internal Interpersonal Communication capability, which could include, but is not limited to:

- physical assets, or
- dated evidence, such as, equipment specifications and installation documentation, operating procedures, test records, operator logs, voice recordings, transcripts of voice recordings, or electronic communications.

These modifications will explicitly require applicable entities to have internal Interpersonal Communication capabilities, in compliance with FERC’s directive in Order No. 808. As discussed in Section III.C above, in Order No. 808, FERC was concerned that Reliability Standard COM-001-2 did not adequately address the adequacy of internal telecommunications. The proposed Requirements would ensure that Reliability Standard COM-001-3 clearly addresses internal Interpersonal Communications capabilities that could involve the issuance or receipt of Operating Instructions or other communications that could directly impact reliability. This would include, for example, internal Interpersonal Communications capabilities for control centers within the same functional entity (including geographically separate control centers) and/or between a control center and field personnel.¹⁷

¹⁷ Note that in Order No. 808, FERC stated that it “agree[d] with NERC and other commenters that Reliability Standard COM-001-2 applies to communications between functional entities within a single organization.... However, the application of COM-001-2 to different functional entities within the same organization, as discussed above, does not fully address our concern set forth in the NOPR regarding internal communications... unlike the currently-effective Reliability Standard, COM-001-2 does not address the adequacy of internal telecommunications (or other internal communication systems) that may have an adverse effect on reliability, even within a single functional entity, including: (1) communications between geographically separate control centers within the same functional entity; and (2) communications between a control center and field personnel. These scenarios present a gap in reliability of the Bulk-Power System that NERC should address.

The proposed Requirements are also drafted to ensure sufficient flexibility to allow for differences among individual entities regarding internal communications (such as different technologies or communication protocols arising due to different organizational structures) and avoid creating criteria that would be impractical and unnecessary.¹⁸ As a result, the proposed Requirements strike a balance between ensuring that the standard expressly addresses internal Interpersonal Communications capabilities while retaining sufficient flexibility to effectuate communications and should be approved as just, reasonable, and in the public interest.

C. Enforceability of Proposed Reliability Standard COM-001-3

The Proposed Reliability Standard includes Measures that support each Requirement to help ensure that the Requirements will be enforced in a clear, consistent, non-preferential manner and without prejudice to any party. The proposed Reliability Standard also includes VRFs and VSLs for each Requirement. The VSLs and VRFs are part of several elements used to determine an appropriate sanction when the associated Requirement is violated. The VSLs provide guidance on the way that NERC will enforce the Requirements of the proposed Reliability Standards. The VRFs assess the impact to reliability of violating a specific Requirement.

NERC proposes updates to the VRFs and VSLs in effect for COM-001-2.1 to include the appropriate VRFs and VSLs for proposed Requirements R12 and R13. Requirement R12 (applicable to Reliability Coordinators, Transmission Operators, Generator Operators, and Balancing Authorities) has been assigned a “High” VRF and Requirement R13 (applicable to Distribution Providers) has been assigned a “Medium” VRF. These VRFs are consistent with

Accordingly, pursuant to section 215(d)(5) of the FPA, we direct NERC to develop modifications to COM-001-2, or to develop a new standard, to address our concerns regarding ensuring the adequacy of internal communications capability whenever internal communications could directly affect the reliable operation of the Bulk-Power System.” *See*, Order No. 808, at PP 40-41.

¹⁸ *See, id.*, at P 53.

the VRFs applicable to these functional entities under existing Requirements in Reliability Standard COM-001-2. In addition, both Requirements R12 and R13 have a “Severe” VSL because they are “binary” requirements. Exhibit E includes detailed analysis of the assignment of VRFs and the VSLs for proposed Requirements R12 and R13. As reflected in Exhibit E, the VRFs and VSLs for the new Requirements in proposed Reliability Standard comport with NERC and FERC guidelines.

V. EFFECTIVE DATE

Reliability Standard COM-001-3 shall become effective on the first day of the first calendar quarter that is 9 months after the effective date of the order approving the standard, or as otherwise provided for by the applicable governmental authority. Where approval by an applicable governmental authority is not required, the standard shall become effective on the first day of the first calendar quarter that is 9 months after the date the standard is adopted by the NERC Board of Trustees, or as otherwise provided for in that jurisdiction. This effective date should provide sufficient time for applicable entities to incorporate any additional necessary infrastructure to effectuate compliance with Requirements R12 and R13 (including Generator Operators and Distribution Providers, which had not been responsible for compliance with Reliability Standard COM-001-1.1, Requirement R1.1).¹⁹ In addition, NERC requests retirement of Reliability Standard COM-001-2.1 immediately prior to the Effective Date of COM-001-3, as the standard will replace and supersede currently-effective Reliability Standard COM-001-2.1.

¹⁹ *Supra*, n. 4 and 15.

Respectfully submitted,

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Date: August 25, 2016

EXHIBITS A – B and D – G

(Available on the NERC Website at

http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/COM-001-3_Exhibits.pdf)

Exhibit C

Reliability Standards Criteria

Reliability Standards Criteria

The discussion below explains how the revisions reflected in proposed Reliability Standard meet or exceed the Reliability Standards criteria.

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 purpose of proposed Reliability Standard COM-001-3, attached as **Exhibit A**, is to establish Interpersonal Communication capabilities necessary to maintain reliability. Proposed Reliability Standard COM-001-3 was designed to include two new Requirements R12 and R13 on internal Interpersonal Communication capabilities. The proposed Requirements will require applicable entities to have internal Interpersonal Communication capabilities for the exchange of information necessary for the Reliable Operation of the Bulk Electric System (“BES”). This includes communication capabilities between Control Centers within the same functional entity, and/or between a Control Center and field personnel.

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 Reliability Standard is applicable only to users, owners, and operators of the Bulk-Power System and is clear and unambiguous as to what is required and who is required to comply. The proposed Reliability Standard, with proposed new Requirements R12 and R13, applies to Transmission Operators, Balancing Authorities, Reliability Coordinators, Distribution Providers, and Generator Operators. The proposed Reliability Standard clearly articulates the actions that such entities must take to comply with the standard, each of which are triggered by articulable actions and situations.

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 Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for the proposed Requirements R12 and R13 of proposed Reliability Standard COM-001-3 are reflected in **Exhibit A** as supported by the justification attached at **Exhibit E**.¹ These VRFs and VSLs comport with NERC and FERC guidelines related to their assignment. The assignment of the severity level for each VSL is consistent with the corresponding Requirement and will ensure uniformity and consistency in the determination of penalties. The VSLs do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations. For these reasons, the proposed Requirements R12 and R13 of COM-001-3 includes clear and understandable consequences.

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.

The proposed Reliability Standard contains Measures that support each Requirement by clearly identifying what is required and how the requirement will be enforced. These measures help provide clarity regarding how the requirements will be enforced, and ensure that the requirements will be enforced in a clear, consistent, and non-preferential manner and without prejudice to any party.

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.

The proposed Reliability Standard and the proposed new Requirements achieve the reliability goal effectively and efficiently. Consistent with FERC Order No. 808, regarding COM-

¹ No changes were made to the VRFs and VSLs for existing Requirements in COM-001-2.1.

001-2, the proposed Requirements will ensure that Reliability Standard COM-001-3 addresses internal Interpersonal Communications capabilities that could involve the issuance or receipt of Operating Instructions or other communications that could directly impact reliability.²

- 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.**

The proposed Reliability Standard and Requirements does not reflect a “lowest common denominator” approach. To the contrary, the proposed standard and two new Requirements represent significant benefits for the reliability of the Bulk-Power System by requiring entities to have internal Interpersonal Communication capabilities for the exchange of information necessary for Reliable Operation of the BES. The proposed Reliability Standard and Requirements do not sacrifice excellence in operating system reliability for costs associated with implementation of the Reliability Standard.

- 7. 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 Reliability Standard applies throughout North America and does not favor one geographic area or regional model.

² Order No. 808, *Communications Reliability Standards*, 151 FERC ¶ 61,039, 80 Fed. Reg. 22,385 (2015) (to be codified at 18 C.F.R. pt. 40). *See, e.g., id.*, at P 41.

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

The proposed Reliability Standard has no undue negative impact on competition. The proposed Reliability Standard requires the same performance by each applicable entity. The standard does not unreasonably restrict the available transmission capability or limit use of the Bulk-Power System in a preferential manner.

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

The proposed effective date is just and reasonable and appropriately balances the urgency of implementing the revised standard against the reasonableness of the time allowed those who must comply to develop necessary procedures, software, facilities, staffing or other relevant capability. NERC proposes an effective date for COM-001-3 as provided in the Implementation Plan. The proposed implementation period is designed to allow sufficient time for the applicable entities to make any changes in their internal process necessary to implement the proposed revisions. The proposed effective date is reflected in the proposed Implementation Plan, attached as **Exhibit B**.

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

The proposed Reliability Standard was developed in accordance with NERC's ANSI-accredited processes for developing and approving Reliability Standards.³ **Exhibit F** includes a summary of the Reliability Standard development proceedings and details the processes followed to develop the Reliability Standard. These processes included, among other things, three comment periods, pre-ballot review periods, and balloting periods. Additionally, all meetings of

³ See NERC Rules of Procedure, Section 300 (Reliability Standards Development) and Appendix 3A (Standard Processes Manual).

the standard drafting team were properly noticed and open to the public.

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

NERC has identified no competing public interests regarding proposed Reliability Standard COM-001-3. No comments were received that indicated the proposed Reliability Standard conflict with other vital public interests.

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

NERC has identified no other factors relevant to whether the proposed Reliability Standard COM-001-3 is just and reasonable.