
**BEFORE THE
NATIONAL ENERGY BOARD**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF MODIFIED TRANSMISSION PLANNING RELIABILITY STANDARDS
IN THE CASE OF
SYSTEM PERFORMANCE FOLLOWING LOSS OF A SINGLE BULK
ELECTRIC SYSTEM ELEMENT**

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- **Implementation Plan for the Consolidated TPL Standard** that was filed on February 2, 2012 (**Exhibit B**).
- **The proposed definitions included in the Consolidated TPL Standard** that were filed on February 2, 2012 (**included in Exhibit A**).
- **The proposed Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for the Consolidated TPL Standard** that were filed on February 2, 2012 (**included in Exhibit A**).
- **Retirement of the following Reliability Standards** (the currently-effective versions of the individual TPL standards (collectively, the “Current TPL Standards”)), concurrently with the effectiveness of the proposed TPL-001-4 Reliability Standard:
 - TPL-001-0.1;
 - TPL-002-0b;
 - TPL-003-0a; and
 - TPL-004-0.
- The withdrawal of two pending TPL Reliability Standards, TPL-005-0 (Regional and Interregional Self-Assessment Reliability Reports) and TPL-006-0.1 (Data from the Regional Reliability Organization Needed to Assess Reliability) because the requirements from these Reliability Standards have been moved to Sections 803 and 804 of the NERC Rules of Procedure. These proposed withdrawals were addressed in NERC’s February 2, 2012 filing.

The Consolidated TPL Standard supersedes the Current TPL Standards by consolidating the four Version 0 TPL standards (TPL-001-0.1; TPL-002-0b; TPL-003-0a; and TPL-004-0) into the proposed Consolidated TPL Standard. The Consolidated TPL Standard includes the proposed Footnote as Note 12, which is the only addition to the Consolidated TPL Standard since it was initially filed on February 2, 2012.

In the event the Consolidated TPL Standard is not approved, NERC provides notice of the following:

- **Four Proposed Transmission Planning (“TPL”) Reliability Standards** (together, the “Individual TPL Standards”):
 - TPL-001-3 ((System Performance Under Normal (No Contingency) Conditions (Category A))) (**Exhibit C**);
 - TPL-002-2b (System Performance Following Loss of a Single Bulk Electric System Element (Category B)) (**Exhibit C**);
 - TPL-003-2a (System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)) (**Exhibit C**);
 - TPL-004-2 (System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)) (**Exhibit C**).

- **Implementation Plan for TPL-001-3, TPL-002-2b, TPL-003-2a, and TPL-004-2** (**Exhibit D**).

- **Retirement of the following Reliability Standards** concurrently with the effectiveness of its corresponding Individual TPL Standard:
 - TPL-001-0.1;
 - TPL-002-0b;
 - TPL-003-0a; and
 - TPL-004-0.

Collectively, the Consolidated TPL Standard and the Individual TPL Standards are referred to herein as the “Proposed TPL Standards”.

I. EXECUTIVE SUMMARY

The limited but critical change to the Proposed TPL Standards and the purpose of this petition is to revise the Footnote to address concerns articulated by FERC, most recently in Order No. 762 and the concurrently issued TPL NOPR. As described in greater detail in Section V of this filing, and the supporting materials included with this

filing, the Footnote provides specific parameters for the permissible use of planned shedding of Firm Demand to address Bulk Electric System (“BES”) performance issues, including:

- Firm limitations on the maximum amount of load that may be planned to be shed,
- Safeguards to ensure against inconsistent results and arbitrary determinations that allow for the planned shedding of Firm Demand, and
- A more specifically defined, open and transparent, verifiable, and enforceable stakeholder process designed to ensure that there will be no Adverse Reliability Impacts caused by a request to plan for Firm Demand interruption, subject in certain cases to a final review by the ERO.

The Footnote was developed in accordance with Section 300 of NERC’s Rules of Procedure (Reliability Standards Development) and the NERC Standard Processes Manual. The NERC Board of Trustees approved the Footnote and its inclusion in the Proposed TPL Standards on February 7, 2013.

As revised, the Footnote and the Proposed TPL Standards will improve reliability by providing specific procedural and substantive parameters for the proposed stakeholder process, defining the circumstances in which a plan for non-consequential load loss could be utilized, and establishing safeguards to ensure against inconsistent results and arbitrary determinations in the case of planned interruption of Firm Demand.

II. NOTICES AND COMMUNICATIONS

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

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III. GENERAL BACKGROUND

Provided below are the following: (a) an explanation of the NERC Reliability Standards development procedure; and (b) the procedural history of the TPL Reliability Standards.

A. NERC 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. NERC's rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards and thus satisfies 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 a vote of stakeholders and the NERC Board of Trustees is required to approve a Reliability Standard before the Reliability Standard is submitted to the applicable governmental authorities for approval. The Footnote and its inclusion in the Proposed TPL Standards were approved by the NERC Board of Trustees on February 7, 2013.

B. Procedural History of the TPL Standards

1. Order No. 693 Directive

Each of the Current TPL Standards was submitted on April 4, 2006. In approving the Reliability Standards, FERC directed modifications to 56 of the Reliability Standards, including modifications to the TPL Standards. Pertinent to this filing, FERC stated that TPL Standards should not allow an entity to plan for the loss of non-consequential firm load in the event of a single Contingency.⁵ Accordingly, FERC directed NERC to develop certain modifications to the TPL Standards, including a clarification to the Footnote.

In a subsequent order, however, FERC clarified that a regional difference in a plan for the loss of firm service would be acceptable, but only in limited circumstances, or in a specific case for which there is technical justification.⁶ Specifically, FERC stated that “a regional difference, or a case-specific exception process that can be technically justified, to plan for the loss of firm service at the fringes of various systems would be an acceptable approach.”⁷ In the June 2010 Order, FERC granted NERC an extension of

⁵ Order 693 at P 1794.

⁶ *Mandatory Reliability Standards for the Bulk Power System*, 131 FERC ¶ 61,231, at P 21 (2010) (“June 2010 Order”).

⁷ *Id.*

time, to March 31, 2011, to submit a modification to TPL-002-0 responsive to FERC's directive in Order No. 693.⁸

2. Order No. 762 Remand

On April 13, 2011, NERC submitted a filing of revisions to the Current TPL Standards, specifically intended to clarify the Footnote as directed in Order No. 693. However, in response to the filing, FERC concluded, in Order No. 762, that the proposed revisions to the Footnote did not meet FERC's Order No. 693 directives, nor did the revisions achieve "an equally effective and efficient alternative".⁹ Accordingly, FERC remanded the filing to NERC, directing NERC to revise TPL-002-1b (the Footnote) to address FERC's concerns described in Order No. 762, subject to the additional guidance provided therein.¹⁰ In response to a NERC request for reconsideration,¹¹ FERC permitted NERC to address FERC's concerns using NERC's regular process for developing Reliability Standards, rather than by invoking NERC's Expedited Standards Development Process, based on NERC's commitment to deliver a new Footnote to the NERC Board of Trustees for a vote at the Board's February 2013 meeting.¹²

Additionally, in Order No. 762, FERC directed NERC to "identify the specific instances of any planned interruptions of Firm Demand under footnote "b" and how frequently the provision has been used."¹³ FERC directed NERC to use Section 1600 of

⁸ *Id.* at P 26.

⁹ Order No. 762 at P 12.

¹⁰ *Id.* at P 66.

¹¹ *Request of the North American Electric Reliability Corporation for Reconsideration, or in the Alternative, Rehearing of Order Remanding the Transmission Planning Reliability Standards*, Docket No. RM11-18-000 (May 21, 2012).

¹² *Transmission Planning Reliability Standards*, 140 FERC ¶ 61,101 at P 6 (2012).

¹³ Order No. 762 at P 20.

its Rules of Procedure to obtain information from users, owners, and operators of the Bulk Power System to provide this requested data and to submit the information to FERC with this petition.¹⁴ Accordingly, the summary results of the Section 1600 Data Request (“Data Request”) on the instances of footnote b use under the Current TPL Standards are included as **Exhibit F** to this petition.

NERC recognizes that because the Footnote proposed in this filing is different from the footnote b included in the existing TPL standards, data does not yet exist on the frequency of instances of planned interruption of Firm Demand under the new Footnote. For this reason, NERC is committing to monitor use of the Footnote and will report the results of this monitoring after the first two years of the Footnote’s implementation.

3. Notice of Proposed Rulemaking – Consolidated TPL Standard

In matters related to the Footnote, NERC submitted a filing on February 2, 2012, providing notice of the Consolidated TPL Standard that combines the four Current TPL Standards into a single standard (*i.e.*, filed as TPL-001-2 and included in this filing as TPL-001-4), as well as approval of an associated implementation plan, VRFs, and VSLs, and five new definitions to be added to the NERC Glossary of Terms. NERC also provided notice of the retirement of the four Current TPL Standards and the withdrawal of two pending TPL Standards.¹⁵ The proposed TPL-001-2 included the Footnote that was the subject of the Remand, which was adapted for the new standard without

¹⁴ *Id.*

¹⁵ The pending TPL Standards are TPL-005-0 (Regional and Interregional Self-Assessment Reliability Reports) and TPL-006-0.1 (Data from the Regional Reliability Organization Needed to Assess Reliability). The requirements from these Standards have been moved to Section 803 and 804 of the NERC Rules of Procedure.

modifying the technical content and intent of the Footnote, and which was subject to ongoing consideration and refinement in Project 2010-11 (TPL Table 1 Order Project).¹⁶ In light of the inclusion of the Footnote, however, and “notwithstanding improvements contained in other provisions of TPL-001-2”, FERC issued the TPL NOPR, indicating that it had “no option other than to propose to remand the entire Reliability Standard [TPL-001-2]”.¹⁷ FERC added, however, that “resolution of this one matter will allow the industry, NERC and FERC to go forward with the consideration of other improvements contained in proposed Reliability Standard TPL-001-2.”¹⁸ The TPL NOPR and TPL-001-2 remain pending. It is for this reason that NERC has included the proposed revisions to the Consolidated TPL Standard that are intended to replace the proposed TPL-001-2 standard, the proposed revisions to the Individual TPL Standards to be approved in the event the Consolidated TPL Standard is not approved, and the documents corresponding to the Proposed TPL Standards with this filing to revise the Footnote.

IV. SUMMARY OF THE TPL RELIABILITY STANDARDS DEVELOPMENT PROCEEDINGS

The highlights of the development process for the proposed Footnote to be included in both the Consolidated TPL Standard and the Individual TPL Standards are summarized below. **Exhibit G** contains a Summary of the Development Authorization, Posting, and Balloting History of the Footnote and the Proposed Standards since the Remand. **Exhibit H** contains the Consideration of Comments Reports created during the

¹⁶ Project 2011-10 addressed FERC orders that required NERC to clarify the Footnote.

¹⁷ TPL NOPR at P 2.

¹⁸ *Id.* at P 3.

development of the Proposed Standards post-Order 762. **Exhibit I** contains the complete post-Order No. 762 record of development for the Proposed Standards.

A. Overview of the Standard Drafting Team

The technical expertise of the ERO is derived from the Standard Drafting Team (“Drafting Team”). For this project, the Drafting Team consisted of 14 industry experts with a wealth of diverse industry experience across North America, including both the continental United States and Canada. A Drafting Team roster and member biographical information is included in **Exhibit J**.

B. Post-Order No. 762 Development History

In response to Order No. 762 and the TPL NOPR, the Standards Committee directed the Drafting Team to respond quickly to directives in those orders, as well as the prior directives in Order No. 693, to address planned load shed under limited circumstances for single Contingencies. The Footnote was revised to meet those directives, as well as to comments received following four rounds of public comment and three rounds of balloting, which concluded when the January 2013 recirculation ballot achieved a quorum of 88.55% and a weighted stakeholder segment approval of 69.63%.¹⁹

C. Board of Trustees Approval

The final drafts of the stakeholder-approved Proposed TPL Standards, each of which contains the Footnote revised in response to the Remand, together with a NERC staff summary of the revisions, underlying history, minority issues and associated

¹⁹ See **Exhibit G** to this petition.

Drafting Team responses, and additional background information, were presented to NERC's Board of Trustees for approval on February 7, 2013. The Board of Trustees approved the revisions to the Footnote incorporated into the Proposed TPL Standards, and directed NERC staff to make the requisite filings with applicable governmental authorities.

V. FOOTNOTE REQUIREMENTS AND PROCESSES, ENFORCEABILITY, AND IMPROVEMENTS

Provided below are the following: (a) an explanation of the Footnote Requirements and processes; (b) an explanation of the enforceability of the TPL Reliability Standards; and (c) an explanation of the improvements included in the Proposed Standards.

A. Footnote Requirements and Processes

1. Proposed Stakeholder Process

The Footnote's stakeholder process is well defined by specific parameters and required information sharing. The main body of the Footnote states that the objective of the planning process is to minimize the likelihood and magnitude of interruption of Firm Demand following Contingency events, while describing the conditions that would be allowed for dropping non-consequential load and meeting the overarching threshold value for any planned load shed, as set forth in the Footnote.

Section I of Attachment 1 to the Footnote sets forth the conditions that must be satisfied to establish open and transparent stakeholder meetings, which is the first step an entity must meet in invoking use of the Footnote. Section I also details who must be invited, the process for notifying interested parties, what information must be supplied to

them, a process for presenting stakeholder questions and concerns, and a method for resolving disputes. The stakeholder meetings must be held for any circumstance for which the planned utilization of the Footnote would be applicable. Further, based on the data provided in response to the Data Request, the standard drafting team determined that a planned load shed up to 25 MW should be resolved within the described stakeholder process with no further review required.

Section I also provides that an entity does not have to repeat the stakeholder process for a specific application of the Footnote with respect to subsequent Planning Assessments unless conditions spelled out in Section II have materially changed for that specific application. This language was intentionally included to be consistent with Requirement R2.6 of the Consolidated TPL standard, which allows for past studies to be used to support Planning Assessments if they meet certain conditions, including for steady state, short circuit, or Stability analysis, when *no material changes* occur to the System.

Similarly, in the proposed Footnote, in order to lessen the burden on industry, if conditions in which the Footnote is utilized have not materially changed for that specific application, the Drafting Team determined that the entity should not have to repeat the stakeholder process required under the proposed Footnote. This approach builds in flexibility and allows entities to use operating judgment in determining what constitutes a “material change” (*e.g.*, thereby allowing the entity to take into account regional and operating differences).

The proposed Requirement R8 of the Consolidated TPL Standard includes an additional safeguard to monitoring Planning Assessments by requiring that Planning Assessments be shared with adjacent Planning Coordinators, Transmission Planners, or other entities that demonstrate a reliability related need. Requirement R8 provides:

Each Planning Coordinator and Transmission Planner shall distribute its Planning Assessment results to adjacent Planning Coordinators and adjacent Transmission Planners within 90 calendar days of completing its Planning Assessment, and to any functional entity that has a reliability related need and submits a written request for the information within 30 days of such a request. *[Violation Risk Factor: Medium] [Time Horizon: Long-term Planning]*

Requirement R8 of the Consolidated TPL Standard therefore provides a system of checks and balances on entities' Planning Assessments from neighboring entities in the overall transmission planning process of which the proposed Footnote is one small part.

Additionally, in Order No. 762, FERC asked how the ERO would determine the cumulative effect of load shedding if there is no annual review of load shedding under the Footnote due to the lack of a material change. Use of the Footnote itself is not representative of every instance of possible planned load shed because multiple contingency situations, for example, allow load shed under certain circumstances. However, Requirement R8 of the proposed Consolidated TPL Standard, described above, should help enable peer oversight of what is contained in the assessments. This will give Planning Coordinators, Transmission Planners, and other entities the ability to monitor any potential cumulative effect of load shedding.

Section II of Attachment 1 specifies the information that has to be provided to stakeholders with respect to the purpose and scope of the proposed Firm Demand interruption under the Footnote. This information is designed to adequately demonstrate

to stakeholders why and how the load shed alternative was selected as the best planning choice, while allowing stakeholders to see all of the variables that were involved in selecting the load shed alternative, including costs, frequency, and duration of the planned load shed, mitigation plans, explanation of the effect on public health, safety, and welfare, and adherence to the transmission planning performance standards and the Footnote.

Section III of Attachment 1 describes the process for planned load shed greater than 25 MW. Specifically, planned load sheds between 25 MW and 75 MW, or any planned load shed at the 300 kV level or above would receive greater scrutiny by regulatory authorities and the ERO. The 300 kV voltage level is based on the previously submitted Extra High Voltage (“EHV”) level that had been proposed in TPL-001-2 which raised the bar for transmission planning for such EHV facilities. The 75 MW limit for U.S. entities was derived from information received in response to the Data Request and is the maximum amount of planned load shed allowed by the Footnote for U.S. entities. Importantly, system performance after utilization of the footnote must continue to meet transmission planning performance standards, which do not allow for instability, uncontrolled separation, or cascading failures. The 75 MW limit on planned non-consequential load loss would not apply to Canadian entities. Instead, language is included in the Footnote that provides that “[t]he amount of planned Non-Consequential Load Loss for a non-US Registered Entity should be implemented in a manner that is consistent with, or under the direction of, the applicable governmental authority or its agency in the non-US jurisdiction.”

2. Circumstances in which Non-Consequential Load Loss may be Allowed

As noted above, the proposed Footnote provides specific limitations on how much non-consequential load a responsible entity can plan to shed for a single Contingency event, while defining the terms and conditions under which such planned load shed could be justified – in an open and transparent public forum. The Data Request results provide the technical basis for establishing the load shed amount limitations. In addition, the Footnote sets out what information must be provided to the affected stakeholders to enable them to consider the costs associated with the proposed plans, as well as any alternatives. The combination of amount limitations and other considerations, such as costs and alternatives, guards against a determination based solely on a quantitative threshold becoming an acceptable *de facto* interpretation of planned Firm Demand. Therefore, the procedures in the Footnote would enable acceptable, but limited, circumstances of planned Firm Demand interruptions after a thorough stakeholder review and approval and, in some cases, ERO review.

3. Safeguards Against Inconsistent Results and Arbitrary Determinations

To ensure against inconsistent results and arbitrary determinations, the Footnote requires that, subject to defined thresholds (voltage level of Contingency greater than 300 kV or a planned interruption greater than or equal to 25 MW), entities with regulatory oversight over retail electric service that would be affected by a Firm Demand interruption (“Retail Regulator”) must agree to the use of the Footnote. Once the Retail Regulator has indicated that it does not object to the Firm Demand interruption under the

Footnote, the responsible entity must submit the Section II information included in the stakeholder process to the ERO. The ERO then must determine whether or not there are any Adverse Reliability Impacts caused by the request to use the Footnote, thus meeting the ERO's review and oversight function.²⁰

The ERO's oversight role will be focused on determining whether there are any Adverse Reliability Impacts. "Adverse Reliability Impact" is defined in the NERC Glossary of Terms as "[t]he impact of an event that results in frequency-related instability; unplanned tripping of load or generation; or uncontrolled separation or cascading outages that affects a widespread area of the Interconnection." Consistent with this definition, NERC's oversight of uses of the Footnote that exceed a voltage level greater than 300 kV or a planned interruption greater than or equal to 25 MW will be focused on whether any of the conditions included in the definition of Adverse Reliability Impact are met.

B. Enforceability of the TPL Standards; VRFs and VSLs Unchanged

The proposed TPL Standards include measures that support each Reliability Standard requirement, by clearly identifying what is required and how the requirement will be enforced, thus ensuring that the requirements will be enforced in a clear, consistent, and non-preferential manner, and without prejudice to any party. In addition, the revised Footnote, in providing specific parameters for the permissible use of planned shedding of Firm Demand, ensures against inconsistent results and arbitrary

²⁰ The proposed Footnote preserves, to the extent practicable, the role of Retail Regulators. The Footnote limits the ERO's role in local planning process, but still allows the ERO to review possible Adverse Reliability Impacts.

determinations. The Footnote accomplishes this by providing a defined, open and transparent, verifiable, and enforceable stakeholder process that ensures there are no Adverse Reliability Impacts on the BES. The VSLs also provide further guidance on how the ERO will enforce the requirements of the Standard.

The proposed VRFs and VSLs for the Consolidated TPL Standard were included in the filing submitted on February 2, 2012. As noted above, in the event the Consolidated TPL Standard is not approved, NERC is providing notice of the Individual TPL Standards as modified to include the Footnote. The Individual TPL Standards do not modify the VRFs and VSLs included in the Current TPL Standards.

C. Improvements Reflected in the Proposed Standards

As discussed in more detail above, the Footnote addresses FERC's concerns raised in Order No. 762 and the TPL NOPR. The proposed revision to the Footnote is an equally effective and efficient alternative to address FERC's directive. The Proposed TPL Standards would improve reliability by:

- Providing a blend of specific quantitative and qualitative parameters for the permissible use of planned shedding of Firm Demand to address BES performance issues;
- Providing a clear and concise definition of the process, including specific criteria and guidelines, that must be followed before a responsible entity may plan to shed load in the event of a single Contingency; and
- Providing additional safeguards to ensure that there will be no Adverse Reliability Impacts caused by a request to plan for Firm Demand interruption.

VI. REQUESTED EFFECTIVE DATES

As noted above, each of the Proposed TPL Standards will become effective in accordance with the effective date provisions contained therein. NERC further provides notice of the retirement of the Current TPL Standards upon approval of the proposed Consolidated TPL Standard, or alternatively, upon approval of the proposed Individual TPL Standards. The corresponding proposed effective dates are just and reasonable and appropriately balance the urgency in the need to implement the Footnote in the Proposed TPL Standards against the reasonableness of the time allowed for those who must comply to develop the necessary procedures and take the necessary actions to reflect the requirements and processes identified in the Footnote. The proposed effective dates will allow affected entities adequate time to ensure compliance with the Footnote.

Respectfully submitted,

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Exhibits A-D, F, and H-J

(Available on the NERC Website at

http://www.nerc.com/fileUploads/File/Filings/Attachments_TPL_FnB_filing)

EXHIBIT E

Criteria for Reliability Standards

- 1. Proposed Reliability Standard is designed to achieve a specified reliability goal and contains a technically sound means to achieve that goal.**

The proposed Footnote is designed to provide specificity and consistency in order to allow for planned load shed for single Contingencies. FERC found that the existing footnote is ambiguous and could result in inconsistent application, because, among other reasons, there were no limitations on maximum usage. The proposed Footnote establishes an open and transparent process with affected stakeholders and regulators with established criteria that must be met in order to plan for the use of the Footnote. The Footnote establishes, for U.S.-registered entities, quantitative limits on the maximum amounts of load that can be shed, with the limits derived from the results of the Data Request (the results of which can be found in **Exhibit F**). The result is a consistent, documented process with firm limitations on use of the Footnote. The technical analysis justifying the use of the Footnote in specific circumstances will be available to all affected stakeholders in an open forum where all alternatives can be discussed and resolved. ERO oversight will assure that there are no Adverse Reliability Impacts on the Bulk Electric System from the planned actions.

- 2. 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 Footnote is applicable to Planning Coordinators and Transmission Planners. Planning Coordinators and Transmission Planners are users, owners, or operators of the Bulk Electric System. The proposed Footnote achieves the stated reliability goal of clearly stating what is required and who is required to comply.

Attachment 1 to the Footnote details the process that is to be followed, the information requirements to justify the proposed application of the Footnote, and the timing involved in the process steps. The standard states who the applicable entities are, and Attachment 1 reiterates the roles and responsibilities of the responsible entities at each step.

3. Proposed Reliability Standard includes clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation.

Each primary requirement is assigned a VRF and a VSL. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in Reliability Standards, as defined in the ERO Sanction Guidelines. The Consolidated TPL Standard does not modify the proposed VRFs and VSLs that were included in the filing submitted on February 2, 2012. None of the previously approved VRFs and VSLs for the Individual TPL Standards have been altered or changed in any way.

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

The proposed Footnote is clear in identifying the required performance and the responsible entity. The proposed Footnote identifies clear and objective criteria so that that the Footnote can be enforced in a consistent and non-preferential manner. The Footnote is unambiguous with respect to the expectations of applicable entities. The proposed Footnote establishes definitive steps that must be followed as well as clear, quantitative criteria for planned use of the Footnote.

5. Proposed Reliability Standard should achieve a reliability goal effectively and efficiently — but does not reflect “best practices” without regard to implementation cost or historical regional infrastructure design.

The proposed Footnote helps the industry achieve the goal of effective and efficient system planning, while taking into account factors such as implementation, cost, and geographic differences and system design. The stakeholder process outlined in Attachment 1 provides that responsible planning entities must show the alternatives that were considered in order to avoid potential problems, and provide the rationale for the alternative selected. Factors such as implementation cost and unique system characteristics would be taken into account and the planning entity can demonstrate to stakeholders why a particular solution is being proposed. Thus, an entity can appropriately weigh all the relevant factors and make them clear in an open and transparent forum.

6. Proposed Reliability Standard is not “lowest common denominator,” *i.e.*, does not reflect a compromise that does not adequately protect Bulk Electric System reliability. Proposed Reliability Standard can consider costs to implement for smaller entities, but not at consequences of less than excellence in operating system reliability.

The proposed Footnote does not aim at the “lowest common denominator.” The Footnote applies equally to all Planning Coordinators and Transmission Planners, without differentiation based on size or cost. The quantitative criteria proposed in the Footnote are derived from the results of the Data Request and set out reasonable, technically-sound limits that define how a planning entity may plan to shed non-consequential load in a single Contingency situation. The proposed limits cover variables that were not specified

in the Current TPL Standards and represent new and significant constraints for planning entities.

7. **Proposed Reliability Standard is 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 requirements in the proposed Footnote apply throughout North America, with an exception for non-U.S. registered entities. The Footnote allows for the amount of planned non-consequential load loss for a non-U.S. registered entity to be implemented in a manner that is consistent with, or under the direction of, the applicable governmental authority or its agency in the non-U.S. jurisdiction. This “non-U.S.” exception is warranted, because the limitations on the amount of load that can be planned to be shed under the Footnote are, by legislation, the sole province of the local regulatory authorities in those countries.

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

The proposed Footnote enhances the operation and reliability of the BES, without constraint on competition or transmission capability. The Footnote does not differentiate among entities, and applies equally to all Planning Coordinators and Transmission Planners. The Footnote presents a consistent approach to be followed across the North American continent with appropriate emphasis on reliability.

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

The proposed Implementation Plans are reasonable and unchanged from proposed Implementation Plans submitted previously. The Implementation Plans weigh carefully the significant nature of new requirements against the need for responsible entities to gear up to meet those requirements. Accordingly, the proposed effective dates represent a reasonable time frame to allow all entities to adequately prepare for compliance with the new, more stringent requirements.

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

The Footnote and the Proposed TPL Standards were developed in accordance with NERC's ANSI-accredited processes for developing and approving Reliability Standards. As more fully described in Section IV of the filing (Summary of the Reliability Standard Development Proceedings) and **Exhibit G** (Summary of Proposed TPL Standards Development Authorization, Posting, and Balloting History), these processes included, among other things, multiple comment; pre-ballot review; and balloting periods, conducted pursuant to an aggressive schedule that spanned a period of nearly seven months. All Drafting Team meetings were properly noticed and open to the public. Stakeholders were involved during the comment periods. The initial and recirculation ballots achieved the required quorum and ballot pool thresholds. Specific details concerning these processes, including a complete development history and a record of all stakeholder comments received, have been included as **Exhibit I**.

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

NERC has identified no competing public interests regarding the request for approval of the Footnote and Proposed TPL Standards. No comments were received that indicated that the Footnote or Proposed TPL Standards conflict with other vital public interests.

12. Proposed Reliability Standard considers any other appropriate factors.

No other factors for FERC's consideration were identified in the development of the proposed Footnote.

EXHIBIT G

Summary of Post-Remand Development Authorization, Posting, and Balloting History

A. Post-Remand Authorization

In response to Order No. 762 and the TPL NOPR, the Standards Committee directed the Drafting Team to respond quickly to directives in those orders as well as the directives in Order No. 693 to address planned non-consequential load shed under limited circumstances for single Contingencies.

B. The First Posting (July 2012): Informal Comment Period

The revised Footnote was posted for a first, informal comment period from July 31, 2012 through August 29, 2012.¹ NERC received 51 sets of comments from more than 117 different individuals, including 81 companies and representing 9 of the 10 industry segments. Commenters provided feedback on the draft Footnote. In response to the comments received, the Drafting Team revised and clarified both the Footnote and Attachment 1. The Drafting Team then requested that the Footnote and Proposed TPL Standards be moved forward to the initial ballot and comment phase of the process.

C. The Second Posting (October 2012): Formal Comment Period and Initial Ballot

A revised draft of the Footnote was posted for a 45-day public comment period (from October 5 through November 19, 2012) and subject to an initial ballot (from November 9 through November 19, 2012).² The second draft reflected the revisions and clarifications identified in Section B immediately above. NERC received 61 sets of

¹ *See Id.* at pp. 789. **Exhibit I** page citations refer to page numbers of the pdf file filed with the Petition and this **Exhibit H**.

² *See Id.* pp. 1087.

comments from more than 149 different individuals, including 112 companies and representing 9 of the 10 industry segments. Commenters provided feedback on the Footnote and Attachment 1. The ballot was not approved, with 56.18% voting to approve.³ In response to the comments received, the Drafting Team further revised and clarified both the Footnote and Attachment 1.

D. The Third Posting (December 2012): Formal Comment Period and Successive Ballot

A third draft of the Footnote was posted for a 30-day public comment period (from December 10, 2012 through January 11, 2013), and subject to a successive ballot (from January 2 through January 11, 2013).⁴ The third draft reflected further revisions and clarifications as noted in Section C. NERC received 49 sets of comments from more than 132 different individuals, including 48 companies and representing 9 of the 10 industry segments. The ballot was not approved, with 65.77% voting to approve, just short of the two-thirds required to approve the ballot.

The Drafting Team made one change to the Footnote to address industry comments following the third posting. Specifically, the main body of the Footnote and Appendix 1 were revised to address a specific jurisdictional differences for non-US entities – namely, that the 75 MW limit on planned, non-consequential load loss included in the Footnote and Attachment 1 would not apply to Canadian or Mexican registered entities. In addition, non-material clarifying, grammatical and typographical changes were implemented. Because the revisions did not change the technical content or intent

³ See *Id.* pp. 1095.

⁴ See *Id.* at pp. 1333.

of the Proposed TPL Standards, and in order to support meeting the approaching February 2013 deadline, the Standards Committee determined to move the project forward to a recirculation ballot.

E. Final Balloting (January 2013): Recirculation Ballot

The Footnote proceeded to a recirculation ballot that concluded on January 31, 2013.⁵ The recirculation ballot was approved, with 69.63% of the weighted segment vote voting to approve the Footnote.

F. Board of Trustees Approval

The final draft of the stakeholder-approved Footnote, including Appendix 1, to be included in the Proposed TPL Standards, was presented to NERC's Board of Trustees for approval on February 7, 2013. The Board of Trustees approved the Footnote incorporated into the Proposed TPL Standards, and directed NERC staff to file the Proposed TPL Standards with applicable regulatory authorities.

⁵ *See Id.* at pp. 1480.