

137 FERC ¶ 61,061  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
and Cheryl A. LaFleur.

North American Electric Reliability Corporation

Docket No. RD11-9-000

ORDER APPROVING INTERPRETATION OF RELIABILITY STANDARD

(Issued October 20, 2011)

1. On April 15, 2011, the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO), submitted a petition for Commission approval of an interpretation of Requirement R10 of Transmission Operations (TOP) Reliability Standard TOP-002-2a (Normal Operations Planning). This Reliability Standard requires, in pertinent part, each balancing authority and transmission operator to maintain plans to evaluate options and establish procedures for the reliable operation of the Bulk-Power System for current day and future operations, as well as coordinate current day and future operations with neighboring balancing authorities and transmission operators. Requirement R10, the subject of NERC's Petition, addresses the planning required to meet all System Operating Limits and Interconnection Reliability Operating Limits. NERC also requests that the Standard including the interpretation, which would be referred to as Reliability Standard TOP-002-2b, be made effective immediately upon the issuance of an order in this proceeding.

2. In this order, the Commission finds that NERC's proposed interpretation of Requirement R10 of Reliability Standard TOP-002-2a is just, reasonable, not unduly discriminatory or preferential, and in the public interest. Therefore, the Commission approves the interpretation, referred to as Reliability Standard TOP-002-2b, effective as of the date of this order.

**I. Background**

3. Section 215 of the Federal Power Act (FPA) requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be

enforced by the ERO, subject to Commission oversight, or by the Commission independently.<sup>1</sup>

4. Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO<sup>2</sup> and, subsequently, certified NERC as the ERO.<sup>3</sup> On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including Reliability Standard TOP-002-2.<sup>4</sup> On December 2, 2009, the Commission approved TOP-002-2a, an interpretation submitted by NERC on Requirement R11.<sup>5</sup>

5. NERC's Rules of Procedure provide that a person that is "directly and materially affected" by Bulk-Power System reliability may request an interpretation of a Reliability Standard.<sup>6</sup> The ERO's "standards process manager" will assemble a team with relevant expertise to address the requested interpretation and also form a ballot pool. NERC's Rules provide that, within 45 days, the team will draft an interpretation of the Reliability Standard, with subsequent balloting. If approved by ballot, the interpretation is appended to the Reliability Standard and submitted to the Board of Trustees. Once approved by the Board of Trustees, the Reliability Standard with the interpretation is filed with the applicable regulatory authority for regulatory approval.

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<sup>1</sup> See 16 U.S.C. § 824o(e) (2006).

<sup>2</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

<sup>3</sup> *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

<sup>4</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>5</sup> *North American Electric Reliability Corp.*, 129 FERC ¶ 61,191 (2009).

<sup>6</sup> NERC Rules of Procedure, Appendix 3A, Reliability Standards Development Procedure, Version 6.1, at 27-29 (2010).

## II. NERC Petition

6. In its April 15, 2011 Petition,<sup>7</sup> NERC requests Commission approval of a proposed interpretation of Requirement R10 of Reliability Standard TOP-002-2a (Normal Operations Planning). The stated purpose of Reliability Standard TOP-002-2a is to ensure that current operations plans and procedures are prepared for reliable operations, including responses to unplanned events. Requirement R10, the subject of the proposed interpretation, requires:

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

7. The Petition explains that NERC received a request from Florida Municipal Power Pool (FMPP) seeking an interpretation of Requirement R10 of Reliability Standard TOP-002-2a. Specifically, FMPP asked:

In Requirement 10 is the requirement of the BA to plan to maintain load-interchange-generation balance under the direction of the TOPs meeting all SOLs and IROLs?

8. In response to FMPP's interpretation request, NERC provided the following interpretation:

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

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<sup>7</sup> *North American Electric Reliability Corp.*, April 15, 2011 Petition for Approval of an Interpretation of Requirement R10 of Reliability Standard TOP-002-2a (Petition).

9. In the Petition, NERC explains that the interpretation is consistent with the stated purpose of the Reliability Standard, which is to ensure that current operations plans and procedures are prepared for reliable operation, including response to unplanned events. The *NERC Glossary of Terms used in Reliability Standards* (NERC Glossary) definitions for balancing authority and transmission operator are referenced along with an explanation that the balancing authority does not possess information needed to manage flows or voltage, thus requiring the balancing authority to follow direction of the transmission operator or reliability coordinator. Further, the Petition states that when balancing authority actions do not resolve targeted transmission issues, the transmission operator or reliability coordinator is responsible for directing alternative actions.<sup>8</sup>

### **III. Notice of Filing, Interventions and Comments**

10. On August 22, 2011, notice of NERC's filing was published in the *Federal Register* with interventions and protests due on or before September 14, 2011.<sup>9</sup> A motion to intervene was timely filed by American Municipal Power, Inc. (AMP). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>10</sup> the timely, unopposed motion to intervene serves to make AMP a party to this proceeding.

### **IV. Commission Determination**

11. The Commission finds that the ERO's interpretation of Requirement R10 of Reliability Standard TOP-002-2a is just, reasonable, not unduly discriminatory or preferential, and in the public interest.<sup>11</sup>

12. The interpretation supports the stated purpose of the Reliability Standard, i.e., current operational plans and procedures are essential for an entity to be prepared for reliable operations, including responses to unplanned events. The interpretation also clarifies the responsibilities of the balancing authority with regard to normal operations planning. Further, the language of the interpretation is consistent with the language of

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<sup>8</sup> *Id.* 6-7.

<sup>9</sup> 76 Fed. Reg. 52,325 (2011).

<sup>10</sup> 18 C.F.R. § 385.214 (2011).

<sup>11</sup> 16 U.S.C. § 824(d)(2).

the requirement. Accordingly, the Commission approves the ERO's interpretation of Requirement R10 of Reliability Standard TOP-002-2a.

13. We agree with NERC that the balancing authority is responsible for integrating resource plans ahead of time, maintaining load-interchange-generation balance within a balancing authority area, and supporting interconnection frequency in real time under the definition of Balancing Authority found in the NERC Glossary.<sup>12</sup> Additionally, the Commission notes that communication and coordination between the balancing authority and transmission operator can be essential in normal operations planning under TOP-002-2a, Requirement R10 to "plan to meet all System Operating Limits (SOLs) and Interconnection Reliability Operating Limits (IROLs)."<sup>13</sup>

14. Accordingly, the Commission approves Reliability Standard TOP-002-2b, effective as of the date of this order.

#### **V. Information Collection Statement**

15. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping requirements (collections of information) imposed by an agency.<sup>14</sup> The information contained here is also subject to review under section 3507(d) of the Paperwork Reduction Act of 1995.<sup>15</sup>

16. The Commission approved Reliability Standard TOP-002-2, the subject of this order, in Order No. 693.<sup>16</sup> This order proposes to approve the interpretation of the previously approved Reliability Standard, which was developed by NERC as the ERO. The interpretation relates to an existing Reliability Standard, and the Commission does

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<sup>12</sup> Petition at 6.

<sup>13</sup> See Reliability Standard TOP-002-2a, Requirement R10; see generally *Electric Reliability Organization Interpretation of Transmission Operations Reliability Standard*, Order No. 753, 136 FERC ¶ 61,176, at P 15-17 (2011).

<sup>14</sup> 5 C.F.R. § 1320.11 (2011).

<sup>15</sup> 44 U.S.C. § 3507(d).

<sup>16</sup> Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

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not expect it to affect entities' current reporting burden.<sup>17</sup> Accordingly, we will submit this Final Rule to OMB for informational purposes only.

The Commission Orders:

(A) NERC's interpretation is hereby approved, as discussed in the body of this order.

By the Commission. Commissioner Spitzer is not participating.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>17</sup> 5 C.F.R. § 1320.3(b)(2).

Document Content(s)

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