

November 20, 2009

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: North American Electric Reliability Corporation
Docket No. RR09-9-000, RR07-14-004 and RR08-6-004
Informational Filing of the North American Electric Reliability Corporation
in Response to Paragraph 64 of October 15, 2009 Order
on 2010 Business Plans and Budgets**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby submits the “Informational Filing of the North American Electric Reliability Corporation in Response to Paragraph 64 of October 15, 2009 Order on 2010 Business Plans and Budgets.” This Informational Filing provides information requested by the Commission on NERC’s “Situational Awareness for NERC, FERC and Regions” (SAFNR) project.

NERC’s filing consists of: (1) this transmittal letter, and (2) the narrative text of this filing. This transmittal letter and the narrative text are submitted in a single pdf file.

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

Respectfully submitted,

/s/ Owen E. MacBride
Owen E. MacBride

Attorney for North American Electric
Reliability Corporation

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

NORTH AMERICAN ELECTRIC) **Docket Nos. RR09-9-000**
RELIABILITY CORPORATION) **Docket Nos. RR08-6-004**
) **RR07-14-004**

INFORMATIONAL FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
IN RESPONSE TO PARAGRAPH 64 OF OCTOBER 15, 2009 ORDER
ON 2010 BUSINESS PLANS AND BUDGETS

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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) respectfully submits this Informational Filing in compliance with Paragraph 64 of the Commission’s Order issued October 15, 2009 in these dockets.¹ Paragraph 64 directed NERC to submit, by November 20, 2009, an “informational report . . . include[ing] a discussion about the ongoing and future plans to develop the SAFNR project and identify[ing] the resources that will be required to meet NERC and regional objectives.”

II. NOTICES AND COMMUNICATIONS

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

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¹ *North American Electric Reliability Corporation, Order Conditionally Accepting 2010 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filings*, 129 FERC ¶ 61,040 (2009) (“2010 ERO Budget Order”).

III. INFORMATION RESPONSIVE TO PARAGRAPH 64 OF THE 2010 ERO BUDGET ORDER

In PP 63 and 64 of the 2010 ERO Budget Order, the Commission discussed NERC's "Situational Awareness for FERC, NERC and Regions" ("SAFNR") project:

63. In its Application, NERC indicates that the initial phase of the "Situational Awareness for FERC, NERC and Regions" (SAFNR) project was implemented and operational as of June 2009. The SAFNR project was initiated by NERC in February 2009, and responds to recommendations from the United States-Canada Power System Outage Task Force, which concluded that the August 14, 2003 blackout was caused by a lack of situational awareness that was, in turn, the result of inadequate reliability tools and back-up capabilities. The SAFNR project is intended to display to the Commission, NERC, and the regions, through a secure internet access system, the conditions of all of the reliability coordinators within the United States. The SAFNR project permits the viewer to view the reliability coordinators' core data on a geospatial platform. The displays include Bulk-Power System data, such as critical interface flows and limits, voltages at key system locations, forecasted and actual system loads, and forecasted reserve levels. Access to this data allows observation and a greater understanding of near real-time conditions within each Interconnection, thereby providing the viewer "the means to monitor the reliability status of the nation's electric power system." NERC's rules of procedure require NERC, through the use of reliability coordinators and available tools, to monitor present conditions on the Bulk-Power System and to provide leadership coordination, technical expertise, and assistance to the industry in responding to events as necessary. [Footnotes omitted]

64. NERC states that, in 2010, it will continue to pursue the SAFNR project. NERC, however, does not list specific implementation plans. Due to the potential of this project to enhance NERC's and the regions' situational awareness capabilities, NERC and the Regional Entities are directed to provide an informational report to be submitted on or before November 20, 2009. The informational report should include a discussion about the ongoing and future plans to develop the SAFNR project and identify the resources that will be required to meet NERC and regional objectives. [Footnotes omitted]

During 2009, NERC, the Regional Entities, the Reliability Coordinators in the United States, and the Commission worked collaboratively to design and implement the first generation of a SAFNR tool. As described in P 63, the SAFNR project is intended to display to the Commission, NERC, and the Regional Entities, through a secure internet access system, the conditions of all of the reliability coordinators within the United States, by providing the

indicated displays, thereby allowing observation and a greater understanding of near real-time conditions within each Interconnection.

As stated in P 63, the SAFNR project was initiated in February 2009 and the first generation tool was put into place on June 1, 2009. Given this necessarily aggressive schedule and the short developmental and implementation time frame, the project was conceptualized and pursued as a best effort to provide an initial capability. SAFNR was the first step in providing near-real time situation awareness information from the U.S. Reliability Coordinators to the Commission, NERC and the Regional Entities. The project was specifically designed and implemented so as to achieve an initial capability in the same year (*i.e.*, in 2009). This objective (which was achieved) resulted in an unplanned and unbudgeted (in the NERC and Regional Entity 2009 Business Plans and Budgets) effort to quickly provide access to the agreed-upon information. The initial capability which was operationalized in June 2009 has each Reliability Coordinator displaying information it collects in a similar, but not identical, format. A subsequent development step was envisioned, to be based on proper planning, to provide a common user interface and more sustainable and appropriate architecture.

The project participants agreed to operate SAFNR through the summer of 2009 to gain experience and evaluate its use and effectiveness in providing situation awareness. The project participants met on September 29, 2009 to discuss the future of SAFNR. During that meeting, the project participants laid out a proposed project plan that called for documenting additional situation awareness requirements, conducting a thorough needs analysis, identifying the most effective and efficient architecture, and preparing a budget and resource plan for 2011.

Subsequent to the September 29, 2009 meeting, Commission Staff expressed a desire to implement significant additional improvements to SAFNR in both data collection and

visualization. The project plan developed by the project participants at the September 29, 2009 meeting is not consistent with these more extensive improvements, and therefore is not being pursued at this time. Further, since these more extensive improvements were identified by Commission Staff only recently, they are not reflected in the Business Plans and Budgets of NERC and the Regional Entities for 2010, which were formulated during the first half of 2009, submitted to the Commission on August 24, 2009 and approved by the Commission in the 2010 ERO Budget Order issued October 15, 2009.² Moreover, the architecture and design have not been developed for meeting either the additional situation awareness requirements discussed at the September 29, 2009 meeting, or the additional improvements proposed by Commission Staff.

Additionally, implementation and operation of SAFNR to date has required, and development and implementation of further improvements will require, the expenditure of capital, operating and personnel resources by the Reliability Coordinators. As the Reliability Coordinators must plan and budget additional resources for future improvements to SAFNR as part of their respective planning and budgeting processes, it is appropriate from their perspective (as well as the perspectives of NERC and the Regional Entities) to develop the plans and budgets for the future enhancements to SAFNR over a full business planning and budgeting cycle, with expenditure of additional resources to develop and implement further improvements targeted for 2011.

NERC and the Regional Entities plan to develop resource requirements (capital expenditures, operating expenses, consulting and contract expenses, and additional staffing)

² NERC's 2010 Business Plan and Budget for its Situation Awareness and Infrastructure Security Program stated that in 2010, "NERC will continue to pursue and coordinate the . . . (SAFNR) project and operate to the agreed upon protocol procedures for all participants" and would "monitor SAFNR in real-time, and operate to the agreed upon open project protocol procedures." NERC 2010 Business Plan and Budget (Attachment 2 to the 2010 Business Plan and Budget filing), at 44.

necessary to design and implement the improvements proposed by Commission Staff, to be included in the NERC and Regional Entities' 2011 Business Plans and Budgets as well as their long-term business plans and budgets. This approach will provide sufficient time for all participants to identify, plan for and manage the resources needed to improve and enhance the SAFNR tool. NERC is targeting to develop, by March 31, 2010, a schedule to receive input and formulate the specifications, architecture and requirements for all project participants that will be necessary to achieve the desired, improved SAFNR capabilities in 2011. This schedule will support developing a detailed 2011 resource plan to achieve this objective.

IV. CONCLUSION

The North American Electric Reliability Corporation respectfully requests that the Commission accept this Informational Filing as compliance with P 64 of the 2010 ERO Budget Order.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Chicago, Illinois this 20th day of November, 2009.

/s/ Owen E. MacBride
Owen E. MacBride

*Attorney for North American Electric
Reliability Corporation*