

150 FERC ¶ 61,164
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
Norman C. Bay, and Colette D. Honorable.

North American Electric Reliability Corporation

Docket No. RD15-1-000

ORDER APPROVING TWO REGIONAL RELIABILITY STANDARDS

(Issued March 3, 2015)

1. On December 15, 2014, the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO), and Western Electricity Coordinating Council (WECC) submitted a joint petition seeking approval of proposed WECC regional Reliability Standards VAR-002-WECC-2 (Automatic Voltage Regulators) and VAR-501-WECC-2 (Power System Stabilizer). As discussed below, we approve the proposed WECC regional Reliability Standards.

I. Background

2. Section 215(d) of the Federal Power Act (FPA) requires the ERO to develop mandatory and enforceable Reliability Standards that are subject to Commission review and approval.¹ Section 215(d)(2) of the FPA states that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a Reliability Standard if it determines that the Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. Once approved, the Reliability Standard may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.²

3. A Regional Entity may develop a Reliability Standard for Commission approval to be effective in that region only.³ In Order No. 672, the Commission stated that:

¹ 16 U.S.C. § 824o(d) (2012).

² *Id.* § 824o(e).

³ *Id.* § 824o(e)(4). A Regional Entity is an entity that has been approved by the

As a general matter, we will accept the following two types of regional differences, provided they are otherwise just, reasonable, not unduly discriminatory or preferential and in the public interest, as required under the statute: (1) a regional difference that is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System.⁴

4. On April 19, 2007, the Commission accepted delegation agreements between NERC and each of the eight Regional Entities. In the order, the Commission accepted WECC as a Regional Entity.⁵

5. In Order No. 693, the Commission approved NERC continent-wide Reliability Standard VAR-002-1 (Generator Operation for Maintaining Network Voltage Schedules).⁶ On June 8, 2007, the Commission approved eight WECC regional Reliability Standards for the Western Interconnection, including regional Reliability Standards WECC-VAR-STD-002a-1 (Automatic Voltage Regulators) and WECC-VAR-STD-002b-1 (Power System Stabilizer).⁷ In Order No. 751, the Commission approved revisions to regional Reliability Standards WECC-VAR-STD-002a-1 and WECC VAR-STD-002b-1, which were re-designated VAR-002-WECC-1 and VAR-501-WECC-1 respectively.⁸

Commission to enforce Reliability Standards under delegated authority from the ERO. See 16 U.S.C. §§ 824o(a)(7) and (e)(4).

⁴ *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, at P 291, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

⁵ *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060, *order on reh'g*, 120 FERC ¶ 61,260 (2007).

⁶ *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).

⁷ *North American Electric Reliability Corp.*, 119 FERC ¶ 61,260 (2007).

⁸ *Version One Regional Reliability Standards for Facilities Design, Connections,*

II. Petition

6. NERC and WECC state in the petition that the proposed regional Reliability Standards arise out of NERC's "P 81 project," which was a response to paragraph 81 of the Commission's March 15, 2012 order conditionally accepting NERC's Find, Fix, Track and Report program.⁹ Petitioners explain that the P 81 project involved identifying requirements that could be removed from Reliability Standards without impacting the reliability of the Bulk-Power System. Petitioners state that the P 81 project identified Requirement R2 in WECC regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1 as candidates for retirement.

7. Petitioners explain that the proposed regional Reliability Standards revise currently-effective regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1 to remove an administrative Requirement R2 in each, which requires documentation relating to the exclusion of hours provisions of Requirement R1.¹⁰ Petitioners state that the proposed regional Reliability Standards transfer the documentation language to Measure M1 in Requirement R1 of each regional Reliability Standard. Petitioners further state that an additional provision, which was formerly located in Measure M2, has been added to Measure M1 in each proposed regional Reliability Standard requiring that the dates of outages be provided with currently required quarterly reports. Petitioners also note that the proposed regional Reliability Standards include non-substantive formatting changes throughout the document to conform to NERC drafting conventions.

8. Petitioners maintain that the substantive requirements in both proposed regional Reliability Standards have not changed and remain more stringent than the continent-wide Reliability Standard VAR-002. Petitioners contend that the proposed regional

and Maintenance; Protection and Control; and Voltage and Reactive, Order No. 751, 135 FERC ¶ 61,061 (2011).

⁹ See *North American Electric Reliability Corp.*, 138 FERC ¶ 61,193, at P 81 (2012) ("If NERC believes that specific Reliability Standards or specific requirements within certain Standards should be revised or removed, we invite NERC to make specific proposals to the Commission identifying the Standards or requirements and setting forth in detail the technical basis for its belief.").

¹⁰ Regional Reliability Standard VAR-002-WECC-1, Requirement R2 currently requires that generator operators and transmission operators "shall have documentation identifying the number of hours excluded for each requirement in R1.1 through R1.10." Regional Reliability Standard VAR-501-WECC-1 currently includes similar language requiring generator operators to have "documentation identifying the number of hours excluded for each requirement in R1.1 through R1.12."

Reliability Standards achieve the same reliability purpose of the prior versions in that regional Reliability Standard VAR-002-WECC-2 will ensure that automatic voltage regulators on synchronous generators and condensers are kept in service and controlling voltage and regional Reliability Standard VAR-501-WECC-2 will ensure that power system stabilizers on synchronous generators are kept in service. Petitioners explain that, with exception of the removal of violation risk factors and violation severity levels for the deleted Requirement R2, the violation risk factors and violation severity levels in the current and proposed regional Reliability Standards are the same. Petitioners propose an implementation date of the first day of the first quarter following applicable regulatory approval.

III. Notice of Filing

9. Notice of NERC's filing was published in the Federal Register, 79 Fed. Reg. 76,315 (2014), with interventions and protests due on or before January 15, 2015. Dominion Resources Services, Inc. (Dominion) filed timely comments.

10. Dominion states that it "does not oppose the petition" but that it is concerned that the proposed regional Reliability Standards "do not include a waiver or variance from the 'equivalent' continent-wide standard or are not incorporated as specific requirements (applicable only within that region) into the continent-wide standard."¹¹ Dominion also contends that the proposed regional Reliability Standards are not "more stringent than the current continent-wide standard and thus should not be approved."¹²

IV. Discussion

11. The Commission approves proposed WECC regional Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. In approving previous versions of the regional Reliability Standards, the Commission determined that they, respectively, were more stringent than the then-current continent-wide NERC Reliability Standard VAR-002 and addressed issues not addressed in the continent-wide NERC Reliability Standards.¹³ The revisions NERC and WECC propose here do not affect the substantive requirements of the regional Reliability Standards. Instead, the proposed revisions merely transfer the documentation requirement in Requirement R2 of each regional Reliability Standard to the Measure section of Requirement R1 of each regional Reliability Standard and move a provision currently in Measure M2 to Measure M1. Accordingly, we determine that the

¹¹ Dominion Comments at 3.

¹² *Id.*

¹³ See *North American Electric Reliability Corp.*, 119 FERC ¶ 61,260 at PP 118, 122; Order No. 751, 135 FERC ¶ 61,061 at PP 58, 72, 85, 99, 117.

proposed revisions are just, reasonable, not unduly discriminatory or preferential, and in the public interest. In addition, we approve the violation risk factors, violation severity levels, and implementation plan proposed by NERC and WECC.

12. We reject the comments submitted by Dominion. Rather than address the specific revisions proposed by NERC and WECC in this proceeding, Dominion's comments largely address issues decided by the Commission in orders approving previous versions of the regional Reliability Standards.¹⁴

13. Dominion states that the current NERC continent-wide Reliability Standard VAR-002-3 is more stringent than proposed regional Reliability Standard VAR-002-WECC-2 because the NERC continent-wide standard requires automatic voltage regulators to be in service "100 percent of the time unless it has been instructed by the [transmission

operator] to operate in a different manner, whereas the requirement for the regional standard is 98 percent of the hours."¹⁵

14. In approving the first version of the regional Reliability Standard, the Commission stated that "WECC-VAR-STD-002a-1 requires all synchronous generators to have their voltage regulator in service at all time with only exceptions for specified circumstances ... [whereas] [t]he related NERC Reliability Standard VAR-002-1, permits a generator to remove its automatic voltage regulator from service for additional reasons."¹⁶ This justification is equally applicable to proposed regional Reliability Standard VAR-002-WECC-2 when compared to the current version of the NERC continent-wide Reliability Standard VAR-002-3. As with currently-effective regional Reliability Standard VAR-002-WECC-1, proposed regional Reliability Standard VAR-002-WECC-2 requires automatic voltage regulators to be in service and in automatic voltage control mode 98 percent of all operating hours for synchronous generators or synchronous condensers subject to specifically enumerated exceptions. By contrast, Reliability Standard VAR-002-3 permits a generator operator to operate without its automatic voltage regulator in

¹⁴ We have not, until now, had occasion to consider WECC regional Reliability Standards VAR-002-WECC and VAR-501-WECC in view of current NERC continent-wide Reliability Standard VAR-002-3. However, as discussed in this order, we find that the justifications for approving WECC regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1 articulated in Order No. 751 are equally applicable to this matter and thus justify our approval of WECC regional Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2 in view of NERC continent-wide Reliability Standard VAR-002-3.

¹⁵ Dominion Comments at 4.

¹⁶ See *North American Electric Reliability Corp.*, 119 FERC ¶ 61,260 at P 116.

service and controlling voltage if: (1) directed by its transmission operator; (2) the generator is exempted by the transmission operator; (3) the generator operator has informed the transmission operator that the generator is being operated in start-up, shutdown, or testing mode pursuant to a realtime communication or a procedure that was previously provided to the transmission operator; or (4) the generator operator has informed the transmission operator that the generator is not being operated in automatic voltage control mode or in the control mode that was instructed by the transmission operator for a reason other than start-up, shutdown, or testing. Because of the broader exceptions in Reliability Standard VAR-002-3, and particularly the exception allowing generator operators not to operate in automatic voltage control mode or in the control mode that was instructed by the transmission operator for a reason other than start-up, shutdown, or testing, we determine that the 98 percent requirement in regional Reliability Standard VAR-002-WECC-2, Requirement R1 is more stringent than the current NERC continent-wide Reliability Standard.¹⁷

15. Dominion also states that Reliability Standard VAR-002-3, Requirement R3 is more stringent than proposed regional Reliability Standard VAR-501-WECC-2, Requirement R1. Dominion maintains that, while the proposed regional Reliability Standard requires power system stabilizers on synchronous generators to be in service 98 percent of the operating hours, Reliability Standard VAR-002-3 “requires the [generator operator] to notify its associated [transmission operator] of a status change on the [power system stabilizer] system within 30 minutes of change.”¹⁸ However, requiring a generator operator to notify its transmission operator of a status change on the power system stabilizer system is not the same and, indeed, is less stringent than requiring generator operators to have their power system stabilizers in service 98 percent of all operating hours for synchronous generators equipped with such devices. We also note that, as remains the case here, the Commission’s previous orders approving prior versions of the WECC regional Reliability Standards determined that there was no corresponding NERC continent-wide Reliability Standard to this regional Reliability Standard. Accordingly, we determine that proposed regional Reliability Standard VAR-501-WECC-2 is more stringent than any requirement in the NERC continent-wide Reliability Standards.

16. Finally, we disagree with Dominion that there is a need to include a waiver or variance from NERC continent-wide Reliability Standard VAR-002-3 because of the proposed regional Reliability Standards. Dominion’s concern that “a company may not implement the proper compliance process when trying to comply with both a regional

¹⁷ As this proceeding involves proposed WECC Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2, we will not address Dominion’s request to interpret the NERC continent-wide Reliability Standard VAR-002-3.

¹⁸ Dominion Comments at 5.

standard and a continent-wide one” finds no support in the record.¹⁹ No entity in the Western Interconnection potentially subject to the proposed regional Reliability Standards filed comments in response to NERC’s and WECC’s petition, let alone expressed any concern regarding compliance with the continent-wide and regional Reliability Standards.²⁰ Moreover, applicable entities in the Western Interconnection are already complying with NERC continent-wide Reliability Standard VAR-002-3 and the currently-effective regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1.

V. Information Collection

17. The Office of Management and Budget (OMB) regulations require approval of certain information collection requirements imposed by agency actions.²¹ Upon approval of a collection of information, OMB will assign an OMB control number and expiration date. Respondents subject to the filing requirement of this order will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number. The Paperwork Reduction Act²² requires each federal agency to seek and obtain OMB approval before undertaking a collection of information directed to ten or more persons, or continuing a collection for which OMB approval and validity of the control number are about to expire.²³

18. The Commission approved regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1 in Order No. 751. The proposed regional Reliability Standard VAR-002-WECC-2 and VAR-501-WECC-2 information collection requirements are a non-material or non-substantive change to the currently-approved collection in Order No. 751. Accordingly, we will submit this order to OMB for informational purposes only.

¹⁹ *Id.* at 6.

²⁰ Dominion acknowledges that the proposed regional Reliability Standards apply only to the WECC Region and that Dominion is not currently registered in the WECC Region. Dominion Comments at 3.

²¹ 5 C.F.R. § 1320.10 (2012).

²² 44 U.S.C. § 3501-20.

²³ 44 U.S.C. § 3502(3)(A)(i), 44 U.S.C. § 3507(a)(3).

The Commission orders:

The Commission hereby approves WECC regional Reliability Standards VAR-002-WECC-2 and VAR-501-WECC-2, the associated violation severity levels and violation risk factors, and implementation plan, as discussed in this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.