

Exhibit C

Order No. 672 Criteria

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In Order No. 672, the Commission identified a number of criteria it will use to analyze Reliability Standards proposed for approval to ensure they are just, reasonable, not unduly discriminatory or preferential, and in the public interest.¹ The discussion below identifies these factors and explains how the revisions reflected in proposed Reliability Standard meet or exceed the Commission's 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.²

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.³

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

¹ *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).

² Order No. 672 at PP 321, 324.

³ Order No. 672 at PP 322, 325.

comply, in accordance with Order No. 672. 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.⁴

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**.⁵ These VRFs and VSLs comport with NERC and Commission 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 in accordance with Order No. 672.

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.⁶

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

⁴ Order No. 672 at P 326.

⁵ No changes were made to the VRFs and VSLs for existing Requirements in COM-001-2.1.

⁶ Order No. 672 at P 327.

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.⁷

The proposed Reliability Standard and the proposed new Requirements achieve the reliability goal effectively and efficiently in accordance with Order No. 672. Consistent with Order No. 808, regarding COM-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.⁸

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.⁹

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 Order No. 672 at P 328.

⁸ 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.

⁹ Order No. 672 at P 329-30.

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.¹⁰

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

8. Proposed Reliability Standards should cause no undue negative effect on competition or restriction of the grid beyond any restriction necessary for reliability.¹¹

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.¹²

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 on the first day of the first calendar quarter that is nine months after the effective date of the applicable regulatory approval. 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 Order No. 672 at P 331.

¹¹ Order No. 672 at P 332.

¹² Order No. 672 at P 333.

10. The Reliability Standard was developed in an open and fair manner and in accordance with the Commission-approved Reliability Standard development process.¹³

The proposed Reliability Standard was developed in accordance with NERC's Commission approved, ANSI-accredited processes for developing and approving Reliability Standards.¹⁴

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 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.¹⁵

NERC has identified no competing public interests regarding the request for approval of 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.¹⁶

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

¹³ Order No. 672 at P 334.

¹⁴ See NERC Rules of Procedure, Section 300 (Reliability Standards Development) and Appendix 3A (Standard Processes Manual).

¹⁵ Order No. 672 at P 335.

¹⁶ Order No. 672 at P 323.