UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corporation	**)** **)**	**Docket No. _____**

JOINT PETITION OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION AND WESTERN ELECTRICITY COORDINATING COUNCIL FOR APPROVAL OF RETIREMENT OF REGIONAL RELIABILITY STANDARD TOP-007-WECC-1a

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The North American Electric Reliability Corporation ("NERC")[1] and the Western Electricity Coordinating Council ("WECC") respectfully request that the Federal Energy Regulatory Commission ("FERC" or the "Commission") approve, in accordance with Section 215(d)(1) of the Federal Power Act ("FPA")[2] and Section 39.5 of the Commission's Regulations,[3] the retirement of WECC regional Reliability Standard TOP-007-WECC-1a – System Operating Limits.[4] The primary purpose of this regional Reliability Standard is to ensure that actual flows and associated scheduled flows on major WECC transfer paths do not exceed System Operating Limits ("SOL") for more than 30 minutes. As discussed below, however, the issues addressed by regional Reliability Standard TOP-007-WECC-1a are addressed by continent-wide Reliability Standards, making the regional Reliability Standard redundant and unnecessary. The retirement of regional Reliability Standard TOP-007-WECC-1a will thus have no adverse effect on reliability of the Bulk

[1] NERC has been certified by the Commission as the electric reliability organization ("ERO") in accordance with Section 215 of the Federal Power Act. The Commission certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062 (2006) ("ERO Certification Order").

[2] 16 U.S.C. § 824o (2012).

[3] 18 C.F.R. § 39.5 (2014).

[4] Unless otherwise designated herein, all capitalized terms shall have the meaning set forth in the *Glossary of Terms Used in NERC Reliability Standards*, a*vailable at* http://www.nerc.com/files/Glossary_of_Terms.pdf.

Power System and is in the public interest.

The WECC Board of Directors approved the retirement of TOP-007-WECC-1a on December 2, 2015. On February 11, 2016, the NERC Board of Trustees approved the retirement of the regional Reliability Standard.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:[5]

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II. BACKGROUND

A. Regulatory Framework

By enacting the Energy Policy Act of 2005,[6] Congress entrusted the Commission with the duties of approving and enforcing rules to ensure the reliability of the Nation's Bulk Power System, and with the duty of certifying an ERO that would be charged with developing and enforcing mandatory Reliability Standards, subject to Commission approval. Section 215(b)(1) of the FPA states that all users, owners, and operators of the Bulk-Power System in the United States will be

[5] Persons to be included on the Commission's service list are identified by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2014), to allow the inclusion of more than two persons on the service list in this proceeding.

[6] 16 U.S.C. § 824o (2012).

subject to Commission-approved Reliability Standards.[7]

Section 39.5(a) of the Commission's regulations requires the ERO to file with the Commission for its approval each Reliability Standard that the ERO proposes to become mandatory and enforceable in the United States, each modification to a Reliability Standard that the ERO proposes to be made effective, and each Reliability Standard that the ERO proposes for retirement. The Commission has the regulatory responsibility to approve Reliability Standards that protect the reliability of the Bulk Power System and to ensure that such standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Pursuant to Section 215(d)(2) of the FPA and Section 39.5(c)(1) of the Commission's regulations, the Commission will give due weight to the technical expertise of the ERO with respect to the content of a Reliability Standard and to the technical expertise of a Regional Entity, like WECC, that is organized on an Interconnection-wide basis with respect to a regional Reliability Standard to be applicable within that Interconnection.[8]

A regional Reliability Standard proposed by a Regional Entity must meet the same standards that NERC's Reliability Standards must meet, *i.e.*, the regional Reliability Standard must be shown to be just, reasonable, not unduly discriminatory or preferential, and in the public interest.[9] Order No. 672 also requires additional criteria that a regional Reliability Standard must satisfy. A regional difference from a continent-wide Reliability Standard must either be: (1) more stringent than the

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7 *See* Section 215(b)(1)("All users, owners and operators of the bulk-power system shall comply with reliability standards that take effect under this section.") ("Letter Order").

8 18 C.F.R. § 39.5 (2014).

9 Section 215(d)(2) of the FPA and 18 C.F.R. §39.5(a).

continent-wide Reliability Standard (which includes a regional standard that addresses matters that the continent-wide Reliability Standard does not), or (2) necessitated by a physical difference in the Bulk Power System.[10]

B. Procedural History

On December 17, 2014, consistent with WECC's Reliability Standards Development Process, WECC staff submitted a Standards Authorization Request ("SAR") to retire TOP-007-WECC-1a. The SAR stated that the entire reliability-related substance of TOP-007-WECC-1a is redundant to NERC's continent-wide Reliability Standards and is no longer needed to support reliability in WECC. On January 8, 2015, the WECC Standards Committee approved the SAR and assigned a drafting team to review the regional Reliability Standard in comparison with current NERC Reliability Standards both in effect and those pending regulatory approval.[11]

On March 27, the WECC drafting team completed the review and posted their justification for retirement for a 45-day comment period. The drafting team received comments from three entities representing five of the eight WECC Standards Voting Sectors. After considering the comments, the drafting team modified its justification for retirement and posted it for a second 45-day comment period on July 1, 2015. After considering the comments on the second posting, the drafting team submitted the proposed retirement to the WECC Standards Committee for ballot.

On August 12, 2015, the WECC Standards Committee agreed with the Drafting Team's

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[10] *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).

[11] The drafting team consisted of representatives from PEAK Reliability, Arizona Public Service, Smart Wires, Inc., Tri-State Generation and Transmission Association, Colorado Springs Utility, Public Service Company of Colorado (Xcel Energy), and Bonneville Power Administration.

proposal to retire TOP-007-WECC-1a and posted it for ballot. On August 13, 2015, NERC posted the proposed retirement for a 45-day public comment period. On October 8, 2015, the WECC ballot was unanimously approved with no comments.

On December 2, 2015, the WECC Board of Directors approved the retirement of TOP-007-WECC-1a and submitted the proposal to the NERC Board of Trustees for approval. On February 11, 2016, the NERC Board of Trustees approved the retirement of TOP-007-WECC-1a.

III. JUSTIFICATION FOR APPROVAL

As noted above, regional Reliability Standard TOP-007-WECC-1a, which consists of two Requirements, is designed to ensure that actual flows and associated scheduled flows on major WECC transfer paths do not exceed SOLs for more than 30 minutes. As explained below, however, the reliability need to ensure that Transmission Operators in the Western Interconnection do not exceed SOLs on major transfer paths and to take corrective action when necessary is adequately addressed by continent-wide Reliability Standards. Regional Reliability Standard TOP-007-WECC-1a is thus redundant and unnecessary and may be retired without creating any reliability issues in WECC.

The following is a detailed explanation of the manner in which the continent-wide Reliability Standards address the reliability issues in TOP-007-WECC-1a.

A. TOP-007-WECC-1a, Requirement R1 is Addressed by Continent Wide Reliability Standards

Requirement R1 of TOP-007-WECC-1a provides that when the actual power flow exceeds an SOL for a Transmission path, the Transmission Operators must take immediate action to reduce the power flow across the path such that at no time shall the power flow for the Transmission path

exceed the SOL for more than 30 minutes. The WECC drafting team determined, however, that a separate, regional Reliability Standard for Transmission Operators in the Western Interconnection is not necessary to address this reliability issue as it is adequately covered by continent-wide Reliability Standards currently in effect as well as the continent-wide Reliability Standards approved in Order No. 817[12] that will supersede the currently-effective standards on April 1, 2017.

Specifically, currently-effective Reliability Standards TOP-002-2.1b, TOP-004-2, and TOP-008-1 collectively require Transmission Operators to: (1) plan not to exceed SOLs; (2) operate within all SOLs; (3) act to prevent violations of SOLs; and (4) take immediate action if an SOL is exceeded, as follows:

Plan to Meet SOLs: Similar to the requirement in TOP-007-WECC-1a, currently-effective Reliability Standard TOP-002-2.1b, Requirement R10 provides that Transmission Operators shall plan to meet all SOLs and Interconnection Reliability Operating Limits ("IROLs"). Further, TOP-002-2.1b R1, R4, R5, and R11, require relevant entities to coordinate to help ensure no SOL will be exceeded. Specifically, Transmission Operators are required to work with Balancing Authorities to maintain plans to ensure reliable operations and the ability to meet scheduled system configuration.

Operate within SOLs: Currently-effective Reliability Standard TOP-004-2, Requirements R1, R2 and R3 provide that Transmission Operators shall operate within IROLs and SOLs so that instability, uncontrolled separation, or cascading outages will not occur. Further, under TOP-004-

[12] *Transmission Operations Reliability Standards and Interconnection Reliability Operations and Coordination Reliability Standards*, 153 FERC ¶ 61,178 (2015) ("Order 817").

2, if a Transmission Operator enters an unknown operating state (i.e. any state for which valid operating limits have not been determined), it will be considered an emergency and the Transmission Operator is required to restore operations to the reliable power system limits within 30 minutes. TOP-004-2, Requirement R6 also requires Transmission Operators, individually and jointly with other Transmission Operators, to develop, maintain, and implement formal policies and procedures to provide for transmission reliability. These policies and procedures must address the execution and coordination of activities that impact inter- and intra-Regional reliability, including monitoring and controlling voltage levels, real and reactive power flows, switching transmission elements, planned outages of transmission elements, and responding to IROL and SOL violations. These requirements thus provide a greater level of planning on behalf of the Transmission Operators as compared to TOP-007-WECC-1a.

Act to Prevent and Mitigate SOL Exceedances: As with TOP-007-WECC-1a, the currently-effective continent-wide standards require Transmission Operators to take actions to mitigate SOL and IROL violations. Reliability Standard TOP-008-1 states that a Transmission Operator experiencing or contributing to an IROL or SOL violation shall take immediate steps to relieve the condition, which may include shedding firm load. Further, Requirement R2 provides that Transmission Operators shall operate to prevent the likelihood that a disturbance, action, or inaction will result in an IROL or SOL violation. Also, in instances where there is a difference in derived operating limits, the Transmission Operator must always operate the Bulk Power System to the most limiting parameter. Lastly, TOP-008-1, Requirement R3 provides that the Transmission Operator disconnect the affected facility if the overload on a transmission facility or abnormal

voltage or reactive condition persists and equipment is endangered.

Commission-approved Reliability Standards TOP-001-3 and TOP-002-4, which supersede the currently-effective standard discussed above on April 1, 2017, will continue to cover these issues and support the retirement of the regional Reliability Standard. Reliability Standard TOP-001-3 is designed to prevent instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the Interconnection, in part, by ensuring that Transmission Operators operate within all SOLs and take prompt action to prevent or mitigate SOL exceedances. TOP-001-3 provides Transmission Operators with the authority to take action, or direct the actions of others, to maintain reliability during Real-time operations. The standard includes Real-time monitoring and Real-time assessment requirements to preserve reliability and ensure that applicable entities identify and address all SOL exceedances.

Specifically, TOP-001-3, Requirement R1 requires Transmission Operators to maintain the reliability of its Transmission Operator Area via its own actions or by issuing Operating Instructions with same-day or Real-time operations time horizons. TOP-001-3, Requirement R10 also specifically requires a Transmission Operator to determine if there are any SOL exceedances (1) within its Transmission Operator Area by monitoring facilities and the status of Special Protection Systems and (2) outside its Transmission Operator Area by obtaining and utilizing status, voltages, and flow data for facilities and the status of Special Protection Systems. Additionally, TOP-001-3, Requirement R13 requires Transmission Operators to ensure that a Real-time Assessment is performed at least once every 30 minutes and Requirement R14 requires each Transmission Operator to initiate its Operating Plan to mitigate an SOL exceedance identified as part of its Real-

time monitoring or Real-time assessment. Finally, TOP-001-3, Requirement R18 provides that Transmission Operators must operate to the most limiting parameter in instances where there is a difference in SOLs. Collectively, the Requirements in TOP-001-3 address, in a similar manner as TOP-007-WECC-1a, the reliability need to ensure that Transmission Operators prevent exceedances of SOLs and take immediate actions if power flows exceed an SOL.

Additionally, the purpose of Commission-approved Reliability Standard TOP-002-4 is to help ensure that Transmission Operators and Balancing Authorities have plans for operating within specified limits. Similar to currently-effective TOP-004-2 and TOP-002-2.1b, TOP-002-4 addresses next-day planning and provides for the necessary notifications and coordination between various functional entities. TOP-002-4, Requirement R1 requires each Transmission Operator to have an Operational Planning Analysis that will allow it to assess whether its planned operations for the next day within its Transmission Operator Area will exceed any of its SOLs. TOP-002-4, Requirement R2 requires each Transmission Operator to have operating plans for next-day operations to address potential SOL exceedances identified as a result of its Operational Planning Analysis. Finally, TOP-002-4, Requirement R3 requires each Transmission Operator to notify entities identified in the Operating Plan required by Requirement R2 as to the their role in those plans. This standard will thus further ensure that Transmission Operators have plans to avoid operating with power flows exceeding SOLs.

B. TOP-007-WECC-1a, Requirement R2 is Addressed by Continent Wide Reliability Standards

Requirement R2 of TOP-007-WECC-1a requires a Transmission Operator to prevent the Net Scheduled Interchange ("NSI") from exceeding an SOL when the Transmission Operator

implements its Real-time schedules for the next hour. If the SOL decreases within 20 minutes before the start of the hour, the Transmission Operator is required to adjust the NSI within 30 minutes to the new SOL value. The WECC drafting team determined that Requirement R2 should be retired because: (1) Transmission Operators do not control NSI; and (2) coordination of Real-time schedules for the next-hour is covered in continent-wide Reliability Standards.

Transmission Operators Do Not Control Net Scheduled Interchange: The tasks assigned to the Transmission Operator in TOP-007-WECC-1a, Requirement R2 do not align with the roles and responsibilities described in the current version of the NERC Functional Model ("NERC FM").[13] The assignment of the Transmission Operator as the applicable entity to address NSI is now in conflict with the NERC FM because the TOP does not control NSI. Of the 22 relationships with other functional entities assigned to the Transmission Operator in the NERC FM, none address NSI or scheduling.[14]

Specifically, an Interchange Schedule cannot take place without an Interchange Transaction. An Interchange Transaction is requested via a Request-for-Interchange, as required by the North American Energy Standards Board (NAESB) Business Practice Standards.[15] The Request-for-Interchange is implemented via an Interchange Transaction Tag or e-Tag, and communicated by the Interchange Authority. Because the Transmission Operator is not part of the aforementioned

[13] The Version 5 of the NERC FM was published in May 12, 2010. Reliability Functional Model Technical Model Document, Version 5 (December 2009), *available at*: http://www.nerc.com/pa/Stand/Functional%20Model%20Archive%201/FM_Technical_Document_V5_2009Dec1.pdf.

[14] NERC FM at p. 18. The NERC FM addresses how the relationships function between the Interchange Coordinator, Balancing Authorities, and Transmission Service Providers in regards to Interchange Transactions.

[15] North American Energy Standards Board conventions are not addressed in this filing.

chain, and whereas the Request-for-Interchange is generally submitted by the Purchasing-Selling Entity,[16] and approved or denied by the Balancing Authority[17] and Transmission Service Provider,[18] it is not in the purview of the Transmission Operator to ensure the NSI does not exceed an SOL, nor is that a reliability issue since several Reliability Standards exist that require the Transmission Operator to operate within SOLs and to prevent and mitigate SOL exceedances, thus preserving the reliability aspect of the Bulk Power System.

In approved NERC Reliability Standard, INT-006-4, NSI is addressed by the Balancing Authority. The standard requires that responsible entities conduct a reliability assessment of each Arranged Interchange before it is implemented. INT-006-4, Requirement R1 requires that each Balancing Authority approve or deny each on time Arranged Interchange or emergency Arranged Interchange. Requirement R1 describes those circumstances when a Balancing Authority "must" deny an Arranged Interchange. The Balancing Authority has access to all of the information required to perform the assigned task and is, thus, the appropriate applicable entity to carry out the assigned task. By contrast, the Transmission Operator does not have access to each of these informational elements and therefore should not perform the assigned task.

Further, INT-006-4 R3 specifically addresses changes to the Arranged Interchange for reliability purposes. The requirement states that the Source Balancing Authority and the Sink Balancing Authority receiving a Reliability Adjustment Arranged Interchange shall approve or deny it prior to the expiration of the time period, and if the Balancing Authority denied the

16 *See* NAESB WEQ-004-1 and 004-2.
17 INT-006-4, Requirement R1.
18 INT-006-4, Requirement R2.

Reliability Adjustment Arranged Interchange, the Balancing Authority must communicate that fact to its Reliability Coordinator no more than 10 minutes after denial.

Coordination of Real-Time Schedules for the Next-Hour is Addressed in Continent-wide NERC Standards: Real-time schedules for the next-hour are addressed in currently-effective Reliability Standards TOP-002-2.1b and TOP-004-2. TOP-002-2.1b requires that current operations plans and procedures are being prepared for reliable operations, including response to unplanned events. Under TOP-002-2.1b, Requirement R4, the Transmission Operator is required to coordinate its current-day plans with the Reliability Coordinator. The current day plans must include Real-time operations (present time as opposed to future time), so that normal Interconnection operation can proceed in an orderly and consistent manner. Further, TOP-002-2.1b, Requirement R10 requires the Transmission Operator to plan to meet all SOLs and also to operate within SOLs when operating in Real-time, irrespective of scheduling practices. In addition, TOP-004-2, Requirement R1 requires Transmission Operators to operate within IROLs and SOLs. Finally, TOP-002-2.1b, Requirement R11 covers any situational awareness contained within TOP-007-WECC-1a Requirement R2 because it requires the Transmission Operator to perform cyclical studies to determine potential changing SOLs.

Additionally, the TOP Reliability Standards approved in Order No. 817 will continue to address Real-time schedules. Reliability Standard, TOP-002-4, Requirement R1 requires the Transmission Operator to have Operational Planning Analysis to determine whether planned operations for next day will exceed SOLs and IROLs and Requirement R2 requires the Transmission Operator to develop Operating Plans that address potential SOL exceedances

identified in its Operational Planning Analysis. In addition, Requirement R3 requires the Transmission Operator to notify entities identified in the Operating Plans as to their role in those plans. Further, Requirement R14 requires each Transmission Operator to initiate its Operating Plans to mitigate exceedances identified as part of its Real-time monitoring or Real-time Assessment. The Operating Plans are expected to include, among other things, company-specific system restoration plans that detail an operating procedure for blackstart units, and operating processes for communicating restoration progress with other entities.

IV. EFFECTIVE DATE

As the currently-effective continent-wide Reliability Standards address the issues in TOP-007-WECC-1a, the proposed implementation plan provides that the Commission approve the proposed retirement of TOP-007-WECC-1a to be effective on the first day of the first quarter following Commission approval. NERC and WECC respectfully request, however, that the Commission approve the retirement to be effective on April 1, 2017 to align the retirement of TOP-007-WECC-1a with the effective date for the modified TOP Reliability Standards approved in Order No. 817. Additionally, Peak Reliability (the Reliability Coordinator in the Western Interconnection) is scheduled to issue a revised SOL Methodology to support the retirement of TOP-007-WECC-1a on October 1, 2016, with an effective date of April 1, 2017. Aligning these effective dates will allow the Transmission Operators in the WECC Region to efficiently transition to compliance with the continent-wide Reliability Standards without having to transition to two sets of TOP standards in a short period of time (i.e., moving from the TOP-007-WECC-1a to the currently-effective continent-wide Reliability Standards and then transitioning to the modified

TOP standards approved in Order No. 817).

V. CONCLUSION

For the reasons set forth above, NERC respectfully requests that the Commission approve the proposed retirement of the regional Reliability Standard TOP-007-WECC-1a**,** effective as proposed herein.

Respectfully submitted,

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