

Exhibit B

Order No. 672 Criteria

NERC is responsible for ensuring that the Reliability Standards, Violation Risk Factors (VRF), Violation Severity Levels (VSL), definitions, Variances, and Interpretations developed by drafting teams are developed in accordance with NERC processes. They must also meet NERC's benchmarks for Reliability Standards, as well as criteria for governmental approval.

In FERC Order No. 672,¹ the Federal Energy Regulatory Commission (FERC) identified a number of criteria that it will use to analyze Reliability Standards proposed for approval to ensure that they are just, reasonable, not unduly discriminatory or preferential, and in the public interest. The discussion below identifies these factors, and explains how the proposed retirement of the Regional Reliability Standard meets or exceeds the criteria:

1. Proposed Reliability Standards must be designed to achieve a specified, reliability goal.

NERC Reliability Standards are based on certain reliability principles that define the foundation of reliability for North American bulk power systems. Each Reliability Standard shall enable or support one or more of NERC's reliability principles, thereby ensuring that each standard serves a purpose in support of reliability of the North American bulk power systems.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards.

The principle on which the currently approved underlying NERC Standard is premised is as follows:

- **Reliability Principle 1** — Interconnected Bulk Electric Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.

2. Proposed Reliability Standards must contain a technically sound method to achieve the goal.

The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. Although any person may propose a topic for a Reliability Standard to the Electric Reliability Organization (ERO), in the ERO's process, the specific

¹ http://www.nerc.com/files/final_rule_reliability_Order_672.pdf

proposed Reliability Standard should be developed by persons within the electric power industry and community who have a high level of technical expertise and it should be based on sound technical and engineering criteria. It should be based on actual data and lessons learned from past operating incidents, where appropriate. The process for ERO approval of a proposed Reliability Standard should be fair and open to all interested persons. Order No. 672 at Paragraph 324.

Standard Development

This request to retire currently approved NERC Standard TOP-007-WECC-1a, System Operating Limits, was developed using the NERC and WECC Standards development processes approved by FERC.

Among other things, these processes include drafting of the standard by a drafting team composed of subject matter experts (SME). Biographies of those SMEs are provided with this filing. These processes also include repeated public iterative comment/response cycles whereby comments are received from the industry and considered by the drafting team, and responses to those comments are provided by the drafting team.

Technically Sound

A detailed analysis of existing NERC Standards as well as those approved and pending regulatory approval was conducted by the WECC-0111 drafting team. That technical analysis is included in this filing as Attachment B1, Supporting Narrative and Crosswalk to Retire, Section 1: Tabular Crosswalk and Section 2: Supporting Narrative. Those sections depict where the reliability-related substance is already covered as well as a narrative describing that conclusion.

3. Proposed Reliability Standards must be applicable to users, owners, and operators of the Bulk-Power System, and not others.

The proposed Reliability Standard may impose a requirement on any user, owner, or operator of such facilities, but not on others. Order No. 672 at P322.

TOP-007-WECC-1a, System Operating Limits, complies with Order 672 in that it applies only to applicable entities, stated in the standard as follows:

“4. Applicability:

Order 672 Criteria
WECC-0111 TOP-007-WECC-1a
System Operating Limits

4.1 Transmission Operators for the transmission paths in the most current Table titled “Major WECC Transfer Paths in the Bulk Electric System” provided at:

<https://www.wecc.biz/Reliability/TableMajorPaths4-28-08.pdf>

4. Proposed Reliability Standards must be clear and unambiguous as to what is required and who is required to comply.

The proposed Reliability Standard should be clear and unambiguous regarding what is required and who is required to comply. Users, owners, and operators of the Bulk Power System must know what they are required to do to maintain reliability. Order No. 672 at P325.

Each Requirement identifies the specific applicable entity assigned to an associated task. Each Requirement follows the typical NERC drafting construct that, “Each [Applicable Entity] shall [perform the assigned task] [and, where applicable, under what stated circumstances].”

Although this filing does not propose any added regulatory language, the drafting team made every endeavor to ensure the narrative describing its rationale for retirement of TOP-001-WECC-1a, System Operating Limits was clear and unambiguous.

The project was posted for comment on two different occasions. In Posting 1, three respondents submitted comments. In Posting 2, only one respondent provided a comment. None of the comments received indicated a concern with the clarity of the language or raised any question as to the intent of the project.

The project was also posted at NERC for a 45-day comment period. All respondents reported the project was developed in an open, inclusive, balanced and transparent manner, and that the process afforded adequate due process.

5. Proposed Reliability Standards must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. As such, addition or modification of compliance elements was not required.

- 6. Proposed Reliability Standards must identify clear and objective criteria or measures for compliance, so that they can be enforced in a consistent and non-preferential manner.**

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. As such, addition or modification of measures was not required.

- 7. Proposed Reliability Standards should achieve a reliability goal effectively and efficiently - but does not necessarily have to reflect “best practices” without regard to implementation cost.**

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed in accordance with other reliability standards there should be no adverse reliability or financial impact as a result of immediately implementing the retirement of the standard.

- 8. Proposed Reliability Standards cannot be “lowest common denominator,” meaning that they cannot reflect a compromise that does not adequately protect bulk power system reliability.**

The proposed Reliability Standard must not simply reflect a compromise in the ERO’s Reliability Standard development process based on the least effective North American practice — the so-called “lowest common denominator” — if such practice does not adequately protect Bulk Power System reliability. Although the Commission will give due weight to the technical expertise of the ERO, it will not hesitate to remand a proposed Reliability Standard if it is convinced the proposed Reliability Standard is not adequate to protect reliability. Order No. 672 at Paragraph 329.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed there is no proposed change to the level of reliability or to the practices in place to achieve the existing level of reliability; thus, there is no lower of the standard and no migration to a lowest common denominator.

9. Proposed Reliability Standards may consider costs to implement for smaller entities but not at consequence of less than excellence in operating system reliability.

A proposed Reliability Standard may take into account the size of the entity that must comply with the Reliability Standard and the cost to those entities of implementing the proposed Reliability Standard. However, the ERO should not propose a “lowest common denominator” Reliability Standard that would achieve less than excellence in operating system reliability solely to protect against reasonable expenses for supporting this vital national infrastructure. For example, a small owner or operator of the Bulk Power System must bear the cost of complying with each Reliability Standard that applies to it. Order No. 672 at P330.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed there should be no adverse reliability or financial impact as a result of immediately implementing the retirement of the standard. None of the respondents reported any concerns regarding the financial impact of retiring the document.

10. Proposed Reliability Standards must be designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach.

A proposed Reliability Standard should be designed to apply throughout the interconnected North American Bulk Power System, to the maximum extent this is achievable with a single Reliability Standard. The proposed Reliability Standard should not be based on a single geographic or regional model, but should take into account geographic variations in grid characteristics, terrain, weather, and other such factors. It should also take into account regional variations in the organizational 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. Order No. 672 at P331.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits, a Regional Reliability Standard. If the retirement is approved, the reliability-related tasks will continue to be performed in accordance with other currently approved NERC Standards that are applicable across the continent. This project eliminates a regional standard that duplicates existing NERC Reliability Standard requirements.

11. Proposed Reliability Standards should cause no undue negative effect on competition or restriction of the grid.

As directed by section 215 of the FPA, the Commission itself will give special attention to the effect of a proposed Reliability Standard on competition. The ERO should attempt to develop a proposed Reliability Standard that has no undue negative effect on competition. Among other possible considerations, a proposed Reliability Standard should not unreasonably restrict available transmission capability on the Bulk Power System beyond any restriction necessary for reliability and should not limit use of the Bulk Power System in an unduly preferential manner. It should not create an undue advantage for one competitor over another. Order No. 672 at Paragraph 332

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed in accordance with other currently-approved NERC Standards, there should be no undue negative effect on competition or restriction of the grid.

12. The implementation time for the proposed Reliability Standards must be reasonable.

In considering whether a proposed Reliability Standard is just and reasonable, the Commission also will consider the timetable for implementation of the new requirements, including how the proposal balances any urgency in the need to implement it against the reasonableness of the time allowed for those who must comply to develop the necessary procedures, software, facilities, staffing or other relevant capability. Order No. 672 at P333.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed in accordance with other currently-approved NERC Standards, immediate retirement of the standard should be seamless.

13. The Reliability Standard development process must be open and fair.

Further, in considering whether a proposed Reliability Standard meets the legal standard of review, we will entertain comments about whether the ERO implemented its Commission-approved Reliability Standard development process for the development of the particular proposed Reliability Standard in a

proper manner, especially whether the process was open and fair. However, we caution that we will not be sympathetic to arguments by interested parties that choose, for whatever reason, not to participate in the ERO's Reliability Standard development process if it is conducted in good faith in accordance with the procedures approved by the Commission. Order No. 672 at P334.

In developing its request to retire TOP-007-WECC-1a, WECC followed the WECC Reliability Standards Development Procedures (Procedures) as approved by FERC.

All meetings were open to the public.

Between March 11 and August 6, 2015, the WECC-0111 drafting team conducted eight open meetings. Notice of the meetings was provided to NERC, posted on WECC's website, and embedded in the minutes of each meeting. Meeting minutes are posted on the WECC's website and accessible by the public.

All meetings were supported by a telephone conference bridge associated with an on-line Internet visual capability, allowing all participants to see the document(s) as they were being developed.

The proposed project was posted for public comment by WECC on two different occasions and by NERC on one additional occasion. Comments were solicited, received, considered, and answered. Comments and their responses are included with this filing and are currently located at the WECC-0111 TOP-007-WECC-1a Request to Retire Project Page on the Submit and Review Comments accordion.

While posted at NERC for 45-day comment, respondents were unanimously in accord that the development process was open, inclusive, balanced, transparent, and that the process afforded adequate due process.

14. Proposed Reliability Standards must balance with other vital public interests.

Finally, we understand that at times, the development of a proposed Reliability Standard may require that a particular reliability goal must be balanced against other vital public interests, such as environmental, social and other considerations. We expect the ERO to explain any such balancing in its application for approval of a proposed Reliability Standard. Order No. 672 at P335.

WECC is not aware of any vital public interests impacted by retirement of this standard. No such balancing concerns were raised or noted.

15. Proposed Reliability Standards must consider any other relevant factors.

In considering whether a proposed Reliability Standard is just and reasonable, we will consider the following general factors, as well as other factors that are appropriate for the particular Reliability Standard proposed. Order No. 672 at P 323.

This project is designed to retire TOP-007-WECC-1a, System Operating Limits because the reliability-related substance is contained in other existing NERC Standards. Because the reliability-related tasks are already being performed in accordance with other currently-approved NERC Standards, retirement of this standard should be seamless to the industry.