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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**North American Electric Reliability )  
Corporation )**

**Docket No. \_\_\_\_\_**

**PETITION OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
FOR APPROVAL OF REVISED AND RETIRED RELIABILITY STANDARDS  
UNDER THE NERC STANDARDS EFFICIENCY REVIEW**

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June 7, 2019

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Pursuant to Section 215(d)(1) of the Federal Power Act (“FPA”)<sup>1</sup> and Section 39.5<sup>2</sup> of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations, the North American Electric Reliability Corporation (“NERC”)<sup>3</sup> hereby submits for Commission approval: (i) the retirement of ten currently effective Reliability Standards in their entirety, without replacement; and (ii) four proposed revised Reliability Standards, in which individual requirements from the currently effective versions are retired.

As discussed more fully herein, the proposals discussed in this petition originate from the first phase of work under NERC’s Standards Efficiency Review. This initiative, which began in 2017, reviewed the body of NERC Reliability Standards to identify those Reliability Standards and requirements that were administrative in nature, duplicative to other standards, or provided no benefit to reliability. The retirement proposals described in this petition are the first step toward achieving a more streamlined, effective, and efficient body of Reliability Standards. None of the

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<sup>1</sup> 16 U.S.C. § 824o (2012).

<sup>2</sup> 18 C.F.R. § 39.5 (2018).

<sup>3</sup> The Commission certified NERC as the electric reliability organization (“ERO”) in accordance with Section 215 of the FPA on July 20, 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh’g & compliance*, 117 FERC ¶ 61,126 (2006), *aff’d sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

proposed retirements would have an adverse impact on reliability. The specific proposals addressed in this petition are as follows.

First, NERC requests that the Commission approve the retirement of ten currently effective Reliability Standards in their entirety. The Reliability Standards proposed for retirement are as follows:

- FAC-013-2 – Assessment of Transfer Capability for the Near-term Transmission Planning Horizon
- INT-004-3.1 – Dynamic Transfers
- INT-010-2.1 – Interchange Initiation and Modification for Reliability
- MOD-001-1a – Available Transmission System Capability
- MOD-004-1 – Capacity Benefit Margin
- MOD-008-1 – Transmission Readability Margin Calculation Methodology
- MOD-020-0 – Providing Interruptible Demands and Direct Control Load Management Data to System Operators and Reliability Coordinators
- MOD-028-2 – Area Interchange Methodology
- MOD-029-2a – Rated System Path Methodology
- MOD-030-3 – Flowgate Methodology

NERC has previously proposed the retirement of the MOD Reliability Standards listed above (excluding MOD-020-0) in connection with its petition for approval of Reliability Standard MOD-001-2, filed in Docket No. RM14-7-000 on February 10, 2014.<sup>4</sup> On June 7, 2019, NERC filed a Notice of Withdrawal in that proceeding to withdraw its February 10, 2014 petition.

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<sup>4</sup> *Petition of NERC for Approval of Proposed Reliability Standard MOD-001-2 and Retirement of Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a and MOD-030-2, Docket No. RM14-7-000.*

Second, NERC requests that the Commission approve four proposed Reliability Standards, as shown in **Exhibit A**, as just, reasonable, not unduly discriminatory or preferential, and in the public interest. In these proposed Reliability Standards, NERC proposes to revise the currently effective versions of the standards to retire individual requirements that are not needed for reliability. The proposed Reliability Standards are as follows:

- FAC-008-4 – Facility Ratings
- INT-006-5 – Evaluation of Interchange Transactions
- INT-009-3 – Implementation of Interchange
- PRC-004-6 – Protection System Misoperation Identification and Correction

With respect to the proposed Reliability Standards, NERC requests that the Commission also approve: (i) the associated Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) (**Exhibit D**), which are generally unchanged from the currently effective versions of those standards; and (ii) the retirement of currently effective Reliability Standards FAC-008-3, INT-006-4, INT-009-2.1, and PRC-004-5(i).

Last, NERC requests that the Commission approve the associated implementation plan for the proposed retired and revised Reliability Standards discussed above (**Exhibit B**).

As required by Section 39.5(a)<sup>5</sup> of the Commission’s regulations, this petition presents the technical basis and purpose of the proposed Reliability Standards and retirements, a demonstration that the proposals meet the criteria identified by the Commission in Order No. 672<sup>6</sup> (**Exhibit C**), and a summary of the standard development history (**Exhibit F**). The NERC Board of Trustees

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<sup>5</sup> 18 C.F.R. § 39.5(a).

<sup>6</sup> The Commission specified in Order No. 672 certain general factors it would consider when assessing whether a particular Reliability Standard is just and reasonable. *See Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104, at P 262, 321-37 (“Order No. 672”), *order on reh’g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006).

adopted the proposed Reliability Standards and approved the proposed retirements discussed in this petition on May 9, 2019.

This petition is organized as follows: Section I of the petition presents an overview of the Standards Efficiency Review and a summary of the proposals in this filing. Section II of the petition provides the individuals to whom notices and communications related to the filing should be provided. Section III provides background on the regulatory structure governing the Reliability Standards approval process. This section also provides information on the development of the proposals through Project 2018-03 Standards Efficiency Review Retirements. Sections IV and V of the petition provide an overview of each of the Reliability Standard proposals and the justification supporting the proposals. Section VI of the petition provides a summary of the proposed implementation plan.

## **I. THE STANDARDS EFFICIENCY REVIEW**

NERC's mission is to assure effective and efficient reduction of risks to the reliability and security of the North American Bulk Power System ("BPS").<sup>7</sup> Mandatory Reliability Standards play an integral role in helping NERC achieve its mission of a highly reliable and secure grid. After a decade of developing and implementing mandatory Reliability Standards in the United States, NERC launched the Standards Efficiency Review in 2017. This comprehensive, multi-year review project comprises a key element of NERC's plan to achieve its long-term strategic goal of establishing risk-based controls to minimize BPS reliability risk while also driving operational

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<sup>7</sup> Unless otherwise indicated, capitalized terms used in this petition shall have the meaning set forth in the *Glossary of Terms Used in NERC Reliability Standards* ("NERC Glossary"), [https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary\\_of\\_Terms.pdf](https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf).

efficiencies and effectiveness.<sup>8</sup> This project also marks an important milestone in the maturity of NERC’s standard development program.

The Commission approved the first set of mandatory Reliability Standards in Order No. 693, issued in 2007.<sup>9</sup> In the intervening years, NERC invested significant resources to develop new and revised mandatory Reliability Standards to address Commission directives and emerging risks. NERC also invested significant time and effort to improve the quality, content, and organization of Reliability Standards. Notable achievements include:

- The evolution in standards-writing from a highly detailed, prescriptive approach to one that is “results-based,” whereby standards are written to provide entities with built-in flexibility to achieve the stated reliability goal.
- The retirement of 34 Reliability Standard requirements that were redundant, administrative, or otherwise unnecessary and where violations posed a lesser risk to the reliability of the BPS, under the “paragraph 81” project.<sup>10</sup>
- The revision and streamlining of entire families of Reliability Standards, including the INT Reliability Standards<sup>11</sup> and the TOP and IRO Reliability Standards.<sup>12</sup>
- The implementation of enhanced processes for performing periodic reviews of Reliability Standards, including a new grading process to measure content and quality.

In addition to these standards development-related efforts, NERC and the Regional Entities have completed the implementation of risk-based compliance and enforcement processes across the ERO Enterprise.

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<sup>8</sup> See *ERO Enterprise Long-Term Strategy* (Nov. 2017), available on NERC’s website at <https://www.nerc.com/AboutNERC/Pages/Strategic-Documents.aspx>.

<sup>9</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007) (“Order No. 693”).

<sup>10</sup> The Commission approved the “paragraph 81” retirements in 2013. See *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013).

<sup>11</sup> The Commission approved the revised INT standards in 2014. See *N. Am. Elec. Reliability Corp.*, Docket No. RD14-4-000 (June 30, 2014) (delegated letter order).

<sup>12</sup> The Commission approved the revised TOP and IRO Reliability Standards in 2015. *Transmission Operations Reliability Standards and Interconnection Reliability Operations and Coordination Reliability Standards*, Order No. 817, 153 FERC ¶ 61,178 (2015) (“Order No. 817”).



Through its experience successfully completing over 100 standards projects, and informed by the improvement efforts highlighted above, NERC has developed a more sophisticated understanding of what a Reliability Standard should be and how it should be written. With the benefit of this experience, NERC determined that it was an appropriate time to initiate a comprehensive and critical review of the body of NERC Reliability Standards. At this time, approximately 475 continent-wide Reliability Standard requirements are in effect in the United States, addressing various aspects of BPS planning, operations, and cyber and physical security. NERC initiated the Standards Efficiency Review to determine whether there were opportunities to improve the overall effectiveness and efficiency of its Reliability Standards consistent with its regulatory philosophy, which consists of several key elements including the following:

- Reliability Standards should be developed using a results-based approach that focuses on performance, risk management, and entity capabilities, rather than prescribing specific processes for an entity to follow.
- Reliability Standards should be focused on advancing reliability; they should not prescribe commercial business practices which do not contribute directly to reliability.
- Reliability Standard requirements should be organized logically and efficiently, both to aid ease of use and to avoid duplication and conflict among requirements.

For the first phase of work, review teams consisting of industry experts in Real-time operations, long-term planning, and operations planning performed a comprehensive review of the operations and planning Reliability Standards (i.e., excluding CIP). The purpose of this review was to identify Reliability Standard requirements that provide little or no benefit to reliability and should be retired. An important part of this review was exploring the relationships between the different Reliability Standards in a deeper way than would be feasible during a targeted periodic review of a Reliability Standard or Reliability Standard family. This in-depth review allowed NERC to identify requirements that are not necessary for reliability or that are redundant to other

requirements. The review process was conducted in an open and transparent manner, with broad industry participation. NERC then initiated the standard development process to consider the retirement recommendations resulting from the phase one work.

As discussed more fully in this petition, NERC proposes to retire 73 requirements and one requirement part, including the retirement of 10 Reliability Standards in their entirety.<sup>13</sup> (NERC has also filed a notice to withdraw its 2014 petition for approval of proposed Reliability Standard MOD-001-2.) The proposals include the following Reliability Standards families: Interchange Scheduling and Coordination (“INT”); Facilities Design, Connections, and Maintenance (“FAC”); Modeling, Data, and Analysis (“MOD”); and Protection and Control (“PRC”). None of the proposals discussed in this petition would have an adverse impact to reliability. To the contrary, NERC’s proposals would benefit reliability by allowing entities to focus their resources on those Reliability Standard requirements that promote the reliable operation and planning of the BPS and avoid unnecessary regulatory burden. NERC therefore respectfully requests that the Commission approve the proposals described in this petition as just, reasonable, not unduly discriminatory or preferential, and in the public interest.

Work continues under the second phase of the Standard Efficiency Review to consider recommendations for Reliability Standard revisions that would further improve the efficiency of the body of NERC Reliability Standards, such as through consolidation of Reliability Standard requirements. The review teams are also expected to consider recommendations for standards-based improvements that would further reduce inefficiencies and promote effectiveness going

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<sup>13</sup> Concurrently with this filing, NERC has submitted a separate petition addressing the retirement of four requirements related to next-day operations planning, which also resulted from work under the first phase of the Standards Efficiency Review. See *Petition of the North American Electric Reliability Corporation for Approval of Reliability Standards IRO-002-7, TOP-001-5, and VAR-001-6 Developed under the NERC Standards Efficiency Review*, filed June 7, 2019 (docket pending).

forward. NERC would submit separate filings to address any such proposals requiring Commission approval at the appropriate time.

## **II. NOTICES AND COMMUNICATIONS**

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

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## **III. BACKGROUND**

### **A. Regulatory Framework**

By enacting the Energy Policy Act of 2005,<sup>14</sup> Congress entrusted the Commission with the duties of approving and enforcing rules to ensure the reliability of the BPS, and with the duties of certifying an ERO that would be charged with developing and enforcing mandatory Reliability Standards, subject to Commission approval. Section 215(b)(1)<sup>15</sup> of the FPA states that all users, owners, and operators of the BPS in the United States will be subject to Commission-approved Reliability Standards. Section 215(d)(5)<sup>16</sup> of the FPA authorizes the Commission to order the ERO to submit a new or modified Reliability Standard. Section 39.5(a)<sup>17</sup> of the Commission's regulations requires the ERO to file with the Commission for its approval each new Reliability

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<sup>14</sup> 16 U.S.C. § 824o.

<sup>15</sup> *Id.* § 824o(b)(1).

<sup>16</sup> *Id.* § 824o(d)(5).

<sup>17</sup> 18 C.F.R. § 39.5(a).

Standard that the ERO proposes should become mandatory and enforceable in the United States, and each modification to a Reliability Standard that the ERO proposes should be made effective.

The Commission is vested with the regulatory responsibility to approve Reliability Standards that protect the reliability of the BPS and to ensure that Reliability Standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Pursuant to Section 215(d)(2) of the FPA<sup>18</sup> and Section 39.5(c)<sup>19</sup> 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.

#### **B. NERC Reliability Standards Development Procedure**

The proposed Reliability Standards and standard retirements discussed in this petition were developed in an open and fair manner and in accordance with the Commission-approved Reliability Standard development process. NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual.<sup>20</sup>

In its order certifying NERC as the Commission's ERO, the Commission found that NERC's rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards,<sup>21</sup> and thus satisfy several of the Commission's criteria for approving Reliability Standards.<sup>22</sup> The development process is open to any person or entity with a legitimate interest in the reliability of the BPS. NERC considers

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<sup>18</sup> 16 U.S.C. § 824o(d)(2).

<sup>19</sup> 18 C.F.R. § 39.5(c)(1).

<sup>20</sup> The NERC Rules of Procedure, including Appendix 3A, NERC Standard Processes Manual, are available at <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.

<sup>21</sup> *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 at P 250 (2006).

<sup>22</sup> Order No. 672 at PP 268, 270.

the comments of all stakeholders. Stakeholders must approve, and the NERC Board of Trustees must adopt, a new or revised Reliability Standard before NERC submits the Reliability Standard to the Commission for approval. Similarly, stakeholders and the NERC Board of Trustees must approve the retirement of a Reliability Standard before the retirement is submitted to the Commission for approval.

### **C. Project 2018-03 Standards Efficiency Review Retirements**

In 2018, NERC initiated Project 2018-03 Standards Efficiency Review Retirements to consider the Reliability Standard Retirement recommendations from the first phase of the Standards Efficiency Review. In total, the Project 2018-03 standard drafting team evaluated recommendations to: (i) withdraw one proposed Reliability Standard in its entirety, consisting of six requirements; and (ii) retire 99 Reliability Standard requirements and one requirement part, including the retirement of 12 Reliability Standards in their entirety.

For the reasons explained in **Exhibit E**, the standard drafting team determined to: (i) withdraw one proposed Reliability Standard; and (ii) retire 77 Reliability Standard requirements and one requirement part, including the 73 requirements and one requirement part in the INT, FAC, PRC, and MOD Reliability Standards that are addressed in this petition. For those Reliability Standards in which individual requirements are proposed for retirement, the standard drafting team developed a new version of the Reliability Standard in which the text of the retired requirement is replaced with the term “Reserved,” with corresponding revisions made as necessary to the VSLs and measures.

Each of the proposed standards and retirements were posted for formal comment and ballot from February 27, 2019 to April 12, 2019 and for final ballot from April 23, 2019 to May 2, 2019. Having achieved the requisite quorum and ballot body approval percentages, the NERC Board of

Trustees adopted the proposed standards and approved the proposed retirements on May 9, 2019. A summary of the development history and the complete record of development is attached to this petition as **Exhibit F**.

#### **IV. JUSTIFICATION FOR APPROVAL – PROPOSED STANDARD RETIREMENTS**

In this petition, NERC proposes for Commission approval the retirement of ten Reliability Standards in their entirety:

- FAC-013-2 – Assessment of Transfer Capability for the Near-term Transmission Planning Horizon
- INT-004-3.1 – Dynamic Transfers
- INT-010-2.1 – Interchange Initiation and Modification for Reliability
- The MOD A Reliability Standards (MOD-001-1a – Available Transmission System Capability; MOD-004-1 – Capacity Benefit Margin; MOD-008-1 – Transmission Readability Margin Calculation Methodology; MOD-028-2 – Area Interchange Methodology; MOD-029-2a – Rated System Path Methodology; MOD-030-3 – Flowgate Methodology); and
- MOD-020-0 – Providing Interruptible Demands and Direct Control Load Management Data to System Operators and Reliability Coordinators

For the reasons set forth in this section, none of these Reliability Standards are necessary for reliability. Therefore, the retirement of these Reliability Standards would not have an adverse impact on reliability and would be in the public interest. NERC respectfully requests that the Commission approve the retirement of these Reliability Standards, effective in accordance with the proposed implementation plan discussed in Section VI.

##### **A. Reliability Standard FAC-013-2**

###### **1. Procedural History**

The Commission approved Reliability Standard FAC-013-2 – Assessment of Transfer

Capability for the Near-Term Transmission Planning Horizon in 2011.<sup>23</sup> The standard was originally developed to address Commission directives in Order Nos. 693<sup>24</sup> and 729<sup>25</sup> to require entities to perform an annual assessment of transfer capability in the planning horizon and to do so using data inputs and modeling assumptions that are consistent with other planning uses. In 2013, the Commission approved the retirement of Requirement R3 following NERC’s “paragraph 81” initiative.<sup>26</sup>

## 2. Justification for Retirement

The purpose of Reliability Standard FAC-013-2 is “to ensure that Planning Coordinators have a methodology for, and perform an annual assessment to identify potential future Transmission System weaknesses and limiting Facilities that could impact the Bulk Electric System’s (‘BES’) ability to reliably transfer energy in the Near-Term Transmission Planning Horizon.” In approving the standard, the Commission noted the standard’s purpose as a planning tool with a regional focus, rather than a mechanism for ensuring that individual systems are planned to reliably meet projected load and known transmission uses.<sup>27</sup> In the intervening years, NERC determined that the standard is not needed for BES reliability and is primarily

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<sup>23</sup> *Order Approving Reliability Standard*, 137 FERC ¶ 61,131 (2011) (“FAC-013-2 Approval Order”).

<sup>24</sup> Order No. 693 at P 779, 782.

<sup>25</sup> *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitment and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155, at P 291 (2009) (“Order No. 729”), *order on reh’g*, Order No. 729-A, 131 FERC ¶ 61,109 (2010), *order on reh’g*, Order No. 729-B, 132 FERC ¶ 61,027 (2010).

<sup>26</sup> *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013) at P 17.

<sup>27</sup> *See* FAC-013-2 Approval Order at P 21.

administrative in nature, and should therefore be retired. The specific reasons for this determination are described below.

First, the requirement for Planning Coordinators to have a methodology for and to perform an annual assessment of Transfer Capability for a single year in the Near-Term Transmission Planning Horizon does not benefit System reliability beyond that provided by other Reliability Standards. Reliability Standard TPL-001-4, which was approved by the Commission in 2013,<sup>28</sup> requires Transmission Planners and Planning Coordinators to prepare an annual Planning Assessment of its portion of the BES. Requirement R1.1.5 of this standard requires that the System models used for the Planning Assessment represent “known commitments for Firm Transmission Service and Interchange.”<sup>29</sup> The additional Transfer Capability assessment required by FAC-013-2 serves only a market function; it does not provide for System reliability.

Second, NERC has determined that the Transfer Capability assessment is not an indicator of BES reliability. Reliability Standard FAC-013-2 does not require specific performance metrics or coordination among functional entities. Individual Planning Coordinators develop their own methodologies that may be very different from each other. Impacted functional entities, such as the Transmission Planner, do not have meaningful input into the methodology or analysis. The standard does not specify performance metrics, nor does it define acceptable BES performance. Entities that receive the methodology or assessment results are not obligated to use, or even consider, the information in their assessments. Further, the standard requires that the assessment be performed for only one year in the Near-Term Transmission Planning Horizon in the Planning

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<sup>28</sup> *Transmission Planning Reliability Standards*, Order No. 786, 145 FERC ¶ 61,051 (2013).

<sup>29</sup> The relevant language is carried forward in Requirement R1.1.4 in proposed Reliability Standard TPL-001-5. Proposed Reliability Standard TPL-001-5 was filed for approval on December 7, 2018 in Docket No. RM19-10-000.



Coordinator's discretion.<sup>30</sup> For these reasons, NERC has determined that these assessments are not useful for regional reliability planning purposes.

In light of these considerations, NERC has determined that Reliability Standard FAC-013-2 provides little or no benefit to reliability and should be retired. Should an individual entity find the Transfer Capability assessments specified in this standard useful for its own planning purposes, it may continue to perform them voluntarily.

## **B. Reliability Standard INT-004-3.1**

### **1. Procedural History**

The Commission approved Reliability Standard INT-004-3.1 – Dynamic Transfers in 2014.<sup>31</sup> The standard was last substantively revised through a larger project to revise and consolidate the INT family of Reliability Standards. Requirements R1 and R2 were originally drafted to be applicable to the Purchasing-Selling Entity; however, in 2015, the Commission approved changes to the NERC Rules of Procedure that removed the Purchasing-Selling Entity from the NERC Compliance Registry,<sup>32</sup> effectively retiring those requirements.

### **2. Justification for Retirement**

The purpose of Reliability Standard INT-004-3.1 is to “ensure that Dynamic Schedules and Pseudo-Ties are communicated and accounted for appropriately in congestion management procedures.” NERC determined that it is appropriate to retire this standard as the substance relates primarily to commercial or business practices and the standard itself provides little, if any, benefit

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<sup>30</sup> The Near-Term Transmission Planning Horizon is defined in the NERC Glossary as “The transmission planning period that covers Year One through five.”

<sup>31</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RD14-4-000 (June 30, 2014) (delegated letter order) (approving INT-004-3). The Commission approved errata version INT-004-3.1 on Nov. 26, 2014 by delegated letter order in the same proceeding.

<sup>32</sup> *Order on Electric Reliability Organization Risk Based Registration Initiative and Requiring Compliance Filing*, 150 FERC ¶ 61,213 (2015).

to reliability.

As noted above, Requirements R1 and R2 have been effectively retired since 2015 with the removal of the Purchasing-Selling Entity function from the NERC Compliance Registry. The remaining requirement, Requirement R3, refers to implementation or operation of only those “Pseudo-Ties that are included in the NAESB Electric Industry Registry publication in order to support congestion management procedures.” Interchange scheduling and congestion are elements that impact transmission costs, rather than the reliable management of the BES. The requirement itself provides no benefit to reliability. Therefore, the retirement of Reliability Standard INT-004-3.1 would have no adverse impact on reliability and is in the public interest.

### **C. Reliability Standard INT-010-2.1**

#### **1. Procedural History**

The Commission approved Reliability Standard INT-010-2.1 – Interchange Initiation and Modification for Reliability in 2014.<sup>33</sup> NERC last revised the standard as part of a larger project to revise and consolidate the INT family of Reliability Standards. At that time, modest revisions were made to the terminology used in the requirements and the entity responsible for each task. The prior version of the standard, INT-010-1, was approved by the Commission in Order No. 693.<sup>34</sup>

#### **2. Justification for Retirement**

The purpose of Reliability Standard INT-010-2.1 is “to provide guidance for required actions on Confirmed Interchange or Implemented Interchange to address reliability.” NERC determined that it is appropriate to retire this Reliability Standard as it relates primarily to

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<sup>33</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RD14-4-000 (June 30, 2014) (delegated letter order) (approving INT-010-2). The Commission approved errata version INT-010-2.1 on Nov. 26, 2014 by delegated letter order in the same proceeding.

<sup>34</sup> Order No. 693 at P 887.

commercial or business practices and provides little, if any, benefit to reliability.

Reliability Standard INT-010-2.1 Requirement R1 provides that a Balancing Authority that experiences a loss of resources or other reliability needs covered by an energy sharing agreement shall ensure a Request for Interchange is submitted with a start time no more than 60 minutes beyond the resource loss. Reliability Standard INT-010-2.1 Requirement R2 provides that a Sink Balancing Authority shall ensure that a Reliability Adjustment Arranged Interchange reflecting a modification is submitted within 60 minutes of the start of the modification if the Reliability Coordinator directs modification of a Confirmed Interchange or Implemented Interchange for actual or anticipated reliability-related reasons. Reliability Standard INT-010-2.1 Requirement R3 provides that a Sink Balancing Authority shall ensure that a Request for Interchange is submitted reflecting that Interchange Schedule within 60 minutes of the start of the scheduled Interchange if a Reliability Coordinator directs the scheduling of Interchange for actual or anticipated reliability-related reasons.

Notwithstanding the references in these requirements to “reliability” and “reliability-related reasons,” the requirements of Reliability Standard INT-010-2.1 ultimately relate primarily to commercial or business practices; specifically, the timing of Requests for Interchange. The NAESB WEQ-004 Coordinate Interchange Business Practice Standards (specifically, WEQ-004-1 and WEQ-004-8) provide more stringent requirements.<sup>35</sup> The NERC Independent Experts Review Panel recommended the retirement of the previous version of this Reliability Standard, INT-010-1, in 2013, due to overlap with the NAESB Electronic Tagging Functional

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<sup>35</sup> In the interest of continued coordination between NERC and NAESB on standards development matters, NERC has provided notice to NAESB of the INT proposals described in this filing so it may determine whether to initiate action to review or revise its WEQ Business Practice Standards.

Specification.<sup>36</sup> Based on these considerations, and informed by its experience implementing the INT-010 standard, NERC has determined that Reliability Standard INT-010-2.1 provides little, if any, benefit to the reliability of the BPS and should be retired.

**D. Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-2a, and MOD-030-3**

**1. Procedural History**

In 2009, the Commission issued Order No. 729<sup>37</sup> approving six MOD Reliability Standards pertaining to methodologies for calculation of Available Transfer Capability (“ATC”) or Available Flowgate Capacity (“AFC”), referred to herein as the “MOD A” Reliability Standards:

- MOD-001-1 – Available Transmission System Capability (superseded by MOD-001-1a, approved in 2010<sup>38</sup>);
- MOD-004-1 – Capacity Benefit Margin (currently effective);
- MOD-008-1 – Transmission Reliability Margin Calculation Methodology (currently effective);
- MOD-028-1 – Area Interchange Methodology (superseded by MOD-028-2, approved in 2013<sup>39</sup>);
- MOD-029-1 – Rated System Path Methodology (superseded by MOD-029-1a, approved in 2010<sup>40</sup> and MOD-029-2a, approved in 2015<sup>41</sup>); and

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<sup>36</sup> *Standards Independent Experts Review Project* (2013), [https://www.nerc.com/pa/Stand/Standard%20Development%20Plan/Standards\\_Independent\\_Experts\\_Review\\_Project\\_Report-SOTC\\_and\\_Board.pdf](https://www.nerc.com/pa/Stand/Standard%20Development%20Plan/Standards_Independent_Experts_Review_Project_Report-SOTC_and_Board.pdf) at 28.

<sup>37</sup> Order No. 729 at P 3.

<sup>38</sup> *N. Am. Elec. Reliability Corp.*, 132 FERC ¶ 61,239 (2010) (approving an interpretation to MOD-001-1).

<sup>39</sup> *Revisions to Modeling, Data, and Analysis Reliability Standard*, Order No. 782, 144 FERC ¶ 61,027 (2013). MOD-028-2 reflected revisions to Requirement R3 Part 3.1 related to the calculation of Total Transfer Capability for Available Transfer Capability Paths.

<sup>40</sup> *N. Am. Elec. Reliability Corp.*, 132 FERC ¶ 61,239 (2010) (approving an interpretation to MOD-029-1).

<sup>41</sup> *Revisions to Emergency Operations Reliability Standards; Revisions to Undervoltage Load Shedding Reliability Standards; Revisions to the Definition of “Remedial Action Scheme” and Related Reliability Standards*, Order No. 818, 153 FERC ¶ 61,228 (2015). Reliability Standard MOD-029-2a revised the prior version by incorporating the new definition of Remedial Action Scheme and eliminating use of the term Special Protection System.

- MOD-030-2 – Flowgate Methodology (superseded by MOD-030-3, approved in 2015<sup>42</sup>).

These Reliability Standards were developed in response to the Commission’s directives in Order No. 890<sup>43</sup> and Order No. 693<sup>44</sup> to develop Reliability Standards to provide for consistency and transparency in the methodologies used by transmission providers to calculate ATC.

On February 10, 2014, NERC filed a petition for approval of proposed Reliability Standard MOD-001-2 and the retirement of Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2.<sup>45</sup> In this petition, NERC proposed to retire the majority of the existing MOD A Reliability Standard requirements and retain, in proposed Reliability Standard MOD-001-2, only six requirements it believed were necessary for reliability. NERC’s proposed MOD-001-2 implementation plan was designed to provide NAESB the opportunity to consider, through its standards development process, which, if any, of the commercial or business practice related requirements from the existing MOD A standards should be incorporated into the WEQ Business Practice Standards.

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<sup>42</sup> *Id.* In Reliability Standard MOD-030-3, NERC revised the prior version by incorporating the new definition of Remedial Action Scheme and eliminating use of the term Special Protection System.

<sup>43</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119 (2007) (“Order No. 890”), *order on reh’g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009).

In Order No. 890, the Commission sought to address and remedy continued opportunities for undue discrimination under the pro forma Open Access Transmission Tariff adopted in Order No. 888. Among other things, the Commission sought to standardize the manner in which ATC/AFC was calculated to address market-related concerns that a lack of a consistent and transparent methodology could lead to undue discrimination for providing open access transmission service. *Id.* at P 68. The Commission also asserted that a lack of consistent, industry-wide calculation standards could pose a threat to the BPS because “a transmission provider might not know of its neighbors’ system conditions affecting its own ATC values.” *See id.* at 195.

<sup>44</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693 at PP 1020-1126 (2007).

<sup>45</sup> *Petition of NERC for Approval of Proposed Reliability Standard MOD-001-2 and Retirement of Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a and MOD-030-2*, Docket No. RM14-7-000 (Feb. 10, 2014) (“MOD-001-2 Petition”).

On June 19, 2014, the Commission issued a Notice of Proposed Rulemaking proposing to approve Reliability Standard MOD-001-2 and the retirement of the existing MOD A Reliability Standards.<sup>46</sup> The Commission also sought comment on aspects of NERC's proposal regarding coordination with NAESB on incorporating commercial or business practice related requirements in the NAESB WEQ Business Practice Standards. On September 25, 2015, NAESB submitted a final status report to the Commission explaining that it had completed the development of new and revised WEQ Business Practice Standards to include commercially relevant requirements from the existing MOD A Reliability Standards being proposed for retirement.<sup>47</sup>

As a result of work performed under the Standards Efficiency Review, and as discussed further below, NERC determined that the existing MOD A Reliability Standards are not needed for reliability and should be retired independently of Commission action on proposed Reliability Standard MOD-001-2. Further, NERC determined that proposed Reliability Standard MOD-001-2 is not needed for reliability and should be withdrawn. Accordingly, NERC filed a notice to withdraw the MOD-001-2 Petition in Docket No. RM14-7-000 concurrently with the filing of this petition. In the interest of continued coordination between NERC and NAESB on standards development matters, NERC has provided notice to NAESB of the MOD proposals described in this filing. NERC's proposals, however, are not contingent on any NAESB action.

## **2. Justification for Retirement**

MOD-001-1a serves as an umbrella standard that contains the generic requirements applicable to determining ATC and AFC, and requires each applicable entity to select and implement one or more of the three methodologies found in MOD-028-2 (Area Interchange

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<sup>46</sup> *Modeling, Data, and Analysis Reliability Standards*, Notice of Proposed Rulemaking, 147 FERC ¶ 61,208 (2014).

<sup>47</sup> *NAESB Status Report on the Development of Modeling, Data, and Analysis Business Practice Standards*, filed in Docket Nos. RM05-5-000 and RM14-7-000 (Sep. 25, 2015).

Methodology), MOD-029-2a (Rated System Path Methodology), and MOD-030-3 (Flowgate Methodology). MOD-004-1 and MOD-008-1 provide for the calculation, verification, preservation, and use of Capacity Benefit Margin (“CBM”) and Transmission Reliability Margin (“TRM”), respectively, which are inputs into ATC/AFC calculations.

As noted in NERC’s MOD-001-2 Petition, NERC has previously concluded that many of the requirements in the existing MOD A Reliability Standards provide little or no reliability benefit and serve only a commercial function.<sup>48</sup> As NERC noted in that filing:

ATC/AFC values do not directly control the operation of the Bulk-Power System. Transmission Operators are ultimately responsible for operating the grid in a reliable manner consistent with System Operating Limits, not ATC/AFC values. NERC’s Reliability Standards prohibit the scheduling and delivery of transmission service if such action would cause a violation of System Operating Limits or otherwise adversely affect reliability, regardless of the amount of ATC or AFC that is posted and sold by the Transmission Service Provider. It is the Transmission Operator’s responsibility, when operating its system in Real-time, to monitor changing system conditions and respond to any events, such as a facility exceeding its System Operating Limit.<sup>49</sup>

At that time, NERC concluded that ATC/AFC determinations had the potential to influence reliability, insofar as they could lead to the possibility of oversold conditions that could trigger the need for the Transmission Operator to take corrective action to maintain system reliability. To that end, NERC proposed Reliability Standard MOD-001-2 to require that: (i) entities that determine ATC/AFC and/or Total Transfer Capability (“TTC”)/Total Flowgate Capacity (“TFC”) do so in a manner that accounts for system limits and relevant system conditions; and (ii) entities share the methodologies and data used to determine ATC/AFC, TTC/TFC, CBM, and TRM with other

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<sup>48</sup> See, e.g., MOD-001-2 Petition at 12.

<sup>49</sup> MOD-001-2 Petition at 15.

entities that need such information for their own determinations or to operate or plan the Bulk-Power System in a reliable manner.

As the Commission had not yet taken action on the proposed MOD-001-2 Reliability Standard, NERC included both the existing MOD A Reliability Standards and proposed Reliability Standard MOD-001-2 in the scope of the Standards Efficiency Review and the subsequent standard development project. NERC reaffirmed that the existing MOD A Reliability Standards should be retired. Further, NERC determined that the proposed MOD-001-2 standard, in which certain elements of the existing MOD A standards would be retained, would provide little, if any, benefit to reliability if approved and should therefore be withdrawn. The reasons for this determination are discussed below.

The existing MOD A Reliability Standards provide little, if any, benefit to the reliable operation of the BPS. ATC and AFC, as well as e-Tags, are commercially-focused elements, facilitating interchange and balancing of interchange. System Operators are ambivalent to these commercial arrangements. System Operators monitor Real-time flows to maintain reliability of the BPS according to System Operating Limits and Interconnection Reliability Operating Limits. If a scheduled interchange would violate either of these limits, the System Operators must disregard the scheduled interchange and operate the System within its actual reliability limits.

While NERC proposed to retain certain elements of the MOD A Reliability Standards in proposed Reliability Standard MOD-001-2 to promote operator awareness of potential oversold conditions, NERC has since determined that the proposed standard should be withdrawn. Requirements R1 through R4 of proposed Reliability Standard MOD-001-2 would require applicable entities that determine TFC/TTC, AFC/ATC, CBM, or TRM values, respectively, to develop methodologies or implementation documents describing how it determines such values.



Requirement R5 would require that applicable entities respond to requests for clarification of methodologies or implementation documents and to provide such documents upon request, where these documents are not publicly available on the Open Access Same-Time Information System (“OASIS”) or the entity’s website.

Upon further review, NERC has determined that these requirements are administrative in nature or relate expressly to commercial or business practices and would not advance reliability. Entities are not obligated to determine the values specified in the requirements, nor is any criteria imposed on their determination. Further, as Real-time flows are influenced by a number of factors beyond commercial arrangements, having access to documented ATC/AFC, TTC/TFC, CBM, and TRM methodologies under MOD-001-2 would provide little benefit to the System Operator maintaining the reliability of the System in Real-time.

As noted above, System Operators must monitor Real-time flows on their Systems and operate their Systems within actual reliability limits. The FAC Reliability Standards, specifically Reliability Standards FAC-011-3 and FAC-014-2, require a consistent methodology for calculating System Operating Limits and Interconnection Reliability Operating Limits between the Reliability Coordinator and Transmission Operator. Reliability Standard TPL-001-4, which became effective in 2015, requires each planning entity to share the results of its system planning studies (Requirement R8). These requirements provide for the coordination needed for reliability. Therefore, NERC has filed a notice to withdraw proposed Reliability Standard MOD-001-2 and requests that the Commission approve the retirement of the MOD A Reliability Standards in this proceeding.

## **E. Reliability Standard MOD-020-0**

### **1. Procedural History**

Reliability Standard MOD-020-0 – Providing Interruptible Demands and Direct Control

Load Management Data to System Operators and Reliability Coordinators was approved by the Commission in Order No. 693, issued in 2007.<sup>50</sup> As originally written, the standard was applicable to Load-Serving Entities, Transmission Planners, and Resource Planners. In 2015, the Commission approved the removal of the Load-Serving Entity from the NERC Compliance Registry.<sup>51</sup>

## **2. Justification for Retirement**

The purpose of Reliability Standard MOD-020-0 is to ensure that past and forecasted demand data are available for validation of past events and future system assessments. Reliability Standard MOD-020-0 consists of a single requirement which provides as follows:

- R1. The Load-Serving Entity, Transmission Planner, and Resource Planner shall each make known its amount of interruptible demands and Direct Control Load Management (DCLM) to Transmission Operators, Balancing Authorities, and Reliability Coordinators on request within 30 calendar days.

NERC proposes to retire Reliability Standard MOD-020-0 on the basis that it provides little, if any, benefit to reliability and is duplicative to other mechanisms for obtaining the information required be provided by the standard.

Reliability Standard MOD-020-0 requires information on Interruptible Demands and Direct Control Load Management to be provided within 30 calendar days of a request. As such, information obtained under this standard may properly be regarded as a resource for the long-term planning and operations planning time horizons, but not for the Real-time operations time horizon or for day-ahead studies. As such, this standard does not provide useful information for Transmission Operators and Reliability Coordinators, who must plan and operate the BPS within System Operating Limits and Interconnection Reliability Operating Limits under the TOP and IRO Reliability Standards, nor does it provide useful information to the Balancing Authority, who must

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<sup>50</sup> Order No. 693 at P 1286.

<sup>51</sup> *N. Am. Elec. Reliability Corp.*, 153 FERC ¶ 61,024 (2015).

maintain generation-Load-interchange balance in real time. Even if such information was available more quickly than 30 days, the amount of interruptible demands and DCLM at the Transmission Planner and Resource Planner level is not sufficiently granular to be of locational benefit to Balancing Authorities, Transmission Operators, or Reliability Coordinators to assist them in operating in Real-time or planning for next-day operations.

To the extent that interruptible demand and DCLM information is useful to Transmission Operators, Reliability Coordinators, and Balancing Authorities as a longer-term resource, it may be obtained from the NERC Demand Response Availability System (“DADS”). Beginning in 2011, NERC began the mandatory collection of information on demand response programs and events where demand response was used under its authority provided in Section 1600 of the NERC Rules of Procedure.<sup>52</sup>

For these reasons, NERC has determined that Reliability Standard MOD-020-0 provides little, if any, benefit to reliability and should be retired.

## **V. JUSTIFICATION FOR APPROVAL – PROPOSED RELIABILITY STANDARDS**

In this petition, NERC proposes for Commission approval seven revised Reliability Standards in which requirements from the currently effective Reliability Standards are proposed to be retired:

- FAC-008-4 – Facility Ratings
- INT-006-5 – Evaluation of Interchange Transactions
- INT-009-3 – Implementation of Interchange
- PRC-004-6 – Protection System Misoperation Identification and Correction

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<sup>52</sup> NERC Rules of Procedure Section 1600, Requests for Data or Information. The NERC Rules of Procedure is available at <https://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>. Information on DADS is available at <https://www.nerc.com/pa/RAPA/dads/Pages/default.aspx>.

For the reasons set forth in this section, none of the requirements proposed for retirement in the proposed Reliability Standards are necessary for reliability. As shown in the redlines included in **Exhibit A**, for each instance in which NERC has proposed to retire a Reliability Standard requirement, NERC has struck the requirement in its entirety and replaced the text with the word “Reserved.” Corresponding revisions have also been made to the VRFs, VSLs, measures, and, where present, the supplemental material included as information.

The proposed Reliability Standards continue to meet the Commission’s criteria for approval in Order No. 672 and are just, reasonable, not unduly discriminatory, and in the public interest. NERC respectfully requests that the Commission approve these Reliability Standards, to become effective in accordance with the proposed implementation plan discussed in Section VI.

#### **A. Reliability Standard FAC-008-4**

##### **1. Procedural History**

Reliability Standard FAC-008-3 – Facility Ratings was approved by the Commission in 2011.<sup>53</sup> The standard was developed in response to Commission directives from Order No. 693 to modify the FAC-008 standard to require entities to: (i) document underlying assumptions and methods used to determine normal and emergency facility ratings; (ii) develop facility ratings consistent with industry standards developed through an open, transparent, and validated process; and (iii) for each facility, identify the limiting component and, for critical facilities, the resulting increase in rating if that component is no longer limiting.<sup>54</sup> In 2013, the Commission approved the retirement of Requirements R4 and R5 following NERC’s “paragraph 81” initiative.<sup>55</sup>

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<sup>53</sup> *Order Approving Reliability Standard*, 137 FERC ¶ 61,123 (2011).

<sup>54</sup> *See* Order No. 693 at PP 739, 742, 756.

<sup>55</sup> Order No. 788 at P 17. In proposed Reliability Standard FAC-008-4, NERC has struck the text of these requirements and replaced them with the word “Reserved.”

## **2. Justification for Approval**

The purpose of proposed Reliability Standard FAC-008-4, which remains unchanged from the currently effective version of the standard, is to “to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on technically sound principles. A Facility Rating is essential for the determination of System Operating Limits.”

In proposed Reliability Standard FAC-008-4, NERC proposes to retire Requirements R7 and R8 of the currently effective standard because these requirements are redundant to those in other Reliability Standards and therefore are not needed for reliability.

Reliability Standard FAC-008-3 Requirements R7 and R8 require Generator Owners and Transmission Owners to provide certain information to requesting Reliability Coordinator(s), Planning Coordinator(s), Transmission Planner(s), Transmission Owner(s), and Transmission Operator(s) regarding their Facilities, as follows:

**R7.** Each Generator Owner shall provide Facility Ratings (for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities) to its associated Reliability Coordinator(s), Planning Coordinator(s), Transmission Planner(s), Transmission Owner(s) and Transmission Operator(s) as scheduled by such requesting entities.

**R8.** Each Transmission Owner (and each Generator Owner subject to Requirement R2) shall provide requested information as specified below (for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities) to its associated Reliability Coordinator(s), Planning Coordinator(s), Transmission Planner(s), Transmission Owner(s) and Transmission Operator(s):

**8.1.** As scheduled by the requesting entities:

**8.1.1.** Facility Ratings

**8.1.2.** Identity of the most limiting equipment of the

## Facilities

**8.2.** Within 30 calendar days (or a later date if specified by the requester), for any requested Facility with a Thermal Rating that limits the use of Facilities under the requester's authority by causing any of the following: 1) An Interconnection Reliability Operating Limit, 2) A limitation of Total Transfer Capability, 3) An impediment to generator deliverability, or 4) An impediment to service to a major load center:

**8.2.1.** Identity of the existing next most limiting equipment of the Facility

**8.2.2.** The Thermal Rating for the next most limiting equipment identified in Requirement R8, Part 8.2.1.

In summary, Requirement R7 provides that each Generator Owner shall provide Facility Ratings as scheduled by the requesting entities. Requirement R8 provides that Transmission Owners and applicable Generator Owners shall: (i) provide requesting entities with the Facility Rating and the identity of the most limiting equipment of a Facility to requesting entities (Requirement R8 Part 8.1); and (ii) for certain Facilities, provide the identity of the next most limiting equipment of a Facility as well as the thermal rating of that equipment (Requirement R8 Part 8.2).

In the years since Reliability Standard FAC-008-3 was developed, NERC has developed other Reliability Standards that render the data provision obligations of Requirements R7 and R8 redundant. Specifically, Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 contain provisions to help ensure that the relevant entities have the data they need from Generator Owners and Transmission Owners for operations and planning.

Requirement R1 of Reliability Standard MOD-032-1 – Data for Power System Modeling and Analysis requires the Planning Coordinator and Transmission Planner to develop modeling data requirements and reporting procedures including the data listed in Attachment 1 to the

standard. This data would include information on power capabilities and Facility Ratings.<sup>56</sup> Requirement R2 requires the Generator Owner and Transmission Owner to provide the requested information.

Requirement R1 of Reliability Standard IRO-010-2 – Reliability Coordinator Data Specification and Collection requires the Reliability Coordinator to maintain a documented specification for the data necessary to perform its Operational Planning Analyses, Real-time monitoring, and Real-time Assessments. This data necessarily includes Facility Ratings as inputs to System Operating Limit monitoring. Requirement R3 requires the Transmission Owner and Generator Owner to provide requested data. Similarly, Requirement R1 of Reliability Standard TOP-003-3 – Operational Reliability Data requires the Transmission Operator to maintain a documented data specification (Requirement R1) and for the Transmission Owner and Generator Owner to provide the requested data (Requirement R5).

As Reliability Standard FAC-008-3 Requirements R7 and R8 are now redundant to other more robust Reliability Standards and are no longer needed for reliability, NERC proposes to retire these Requirements in proposed Reliability Standard FAC-008-4. The retirement of these Requirements would not have an adverse impact on reliability and is in the public interest.

## **B. Reliability Standard INT-006-5**

### **1. Procedural History and Purpose**

Reliability Standard INT-006-4 – Evaluation of Interchange Transactions was approved by the Commission in 2014.<sup>57</sup> NERC last revised the standard as part of a larger project to revise and consolidate the INT family of Reliability Standards.

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<sup>56</sup> See Reliability Standard MOD-032-1 Attachment 1, steady-state column, Items 3, 3(f), 4(c) and 6(g).

<sup>57</sup> *N. Am. Elec. Reliability Corporation*, Docket No. RD14-4-000 (June 30, 2014) (delegated letter order).

## 2. Justification

The purpose of proposed Reliability Standard INT-006-5, which remains unchanged from the currently effective version of the standard, is “to ensure that responsible entities conduct a reliability assessment of each Arranged Interchange before it is implemented.”

In proposed Reliability Standard INT-006-5, NERC proposes to retire Requirement R3 Part 3.1, Requirement R4, and Requirement R5 of the currently effective standard on the basis that these requirements provide little, if any, benefit or protection to the reliable operation of the BPS. Each of these requirements is addressed in turn below.

### a) *Requirement R3 Part 3.1*

Reliability Standard INT-006-4 Requirement R3 requires that the Source Balancing Authority and the Sink Balancing Authority receiving a Reliability Adjustment Arranged Interchange approve or deny it prior to the expiration of time provided in Attachment 1, Column B to the standard. Requirement R3 Part 3.1 provides as follows:

- 3.1.** If a Balancing Authority denies a Reliability Adjustment Arranged Interchange, the Balancing Authority must communicate that fact to its Reliability Coordinator no more than 10 minutes after the denial.

NERC has determined, through its experience implementing the standard, that there is no substantive benefit to reliability by requiring that the Reliability Coordinator be notified when a Reliability Adjustment Arranged Interchange has been denied. Therefore, NERC proposes to retire this requirement part on that basis.

### b) *Requirement R4*

Reliability Standard INT-006-4 Requirement R4 requires each Sink Balancing Authority to confirm that none of the listed conditions exist prior to transitioning an Arranged Interchange to Confirmed Interchange. This requirement reads as follows:



**R4.** Each Sink Balancing Authority shall confirm that none of the following conditions exist prior to transitioning an Arranged Interchange to Confirmed Interchange:

- It is a Reliability Adjustment Arranged Interchange, the time period specified in Attachment 1, Column B has elapsed, and the Source Balancing Authority or the Sink Balancing Authority associated with the Arranged Interchange has not communicated its approval of the transition.
- It is not a Reliability Adjustment Arranged Interchange, the time period specified in Attachment 1, Column B, has elapsed, and not all Balancing Authorities and Transmission Service Providers associated with the Arranged Interchange have communicated their approval of the transition.
- It is not a Reliability Adjustment Arranged Interchange, the time period specified in Attachment 1, Column B, has elapsed, and any entity associated with the Arranged Interchange has communicated its denial of the transition.

NERC has determined that this requirement provides little, if any, benefit to reliability and should be retired. Presently, the NAESB Electronic Tagging Functional Specification addresses the conditions that must exist for an Arranged Interchange to transition to Confirmed Interchange. As the substance of this requirement relates to commercial or business practices, any such confirmation would be better accomplished through the Balancing Authority's e-Tag Authority Service rather than a mandatory Reliability Standard requirement.

c) *Requirement R5*

Reliability Standard INT-006-4 Requirement R5 provides that the Sink Balancing Authority shall notify certain entities within a set period of time when an Arranged Interchange is transitioned to Confirmed Interchange. This requirement provides as follows:

**R5.** For each Arranged Interchange that is transitioned to Confirmed Interchange, the Sink Balancing Authority shall notify the following entities of the on-time Confirmed Interchange such that the notification is delivered in time to be incorporated into scheduling systems prior to ramp start as specified in Attachment 1, Column D:

- 5.1. The Source Balancing Authority,
- 5.2. Each Intermediate Balancing Authority,
- 5.3. Each Reliability Coordinator associated with each Balancing Authority included in the Arranged Interchange,
- 5.4. Each Transmission Service Provider included in the Arranged Interchange, and
- 5.5. Each Purchasing Selling Entity included in the Arranged Interchange.

NERC has determined that this requirement provides little, if any, benefit to reliability and should be retired. Presently, the NAESB Electronic Tagging Functional Specification addresses who must be notified when the transition to Confirmed Interchange occurs. As the substance of this requirement relates to commercial or business practices, any such notifications would be better accomplished through the Balancing Authority's e-Tag Authority Service rather than a mandatory Reliability Standard requirement. The retirement of this requirement would not have an adverse impact on reliability and is in the public interest.

## **C. Reliability Standard INT-009-3**

### **1. Procedural History and Purpose**

Reliability Standard INT-009-2.1 – Implementation of Interchange was approved by the Commission in 2014.<sup>58</sup> NERC last revised the standard as part of a larger project to revise and consolidate the INT family of Reliability Standards.

### **2. Justification**

The purpose of proposed Reliability Standard INT-009-3, which remains unchanged from the currently effective version of the standard, is “to ensure that Balancing Authorities implement the Interchange as agreed upon in the Interchange confirmation process.”

In proposed Reliability Standard INT-009-3, NERC proposes to revise Requirement R1 to

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<sup>58</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RD14-4-000 (June 30, 2014) (delegated letter order). The Commission approved errata version INT-009-2.1 on Nov. 26, 2014 by delegated letter order in the same proceeding.

delete the reference to Reliability Standard INT-010, consistent with NERC's proposal to retire that Reliability Standard in its entirety (*see* Section IV.C). NERC also proposes to retire Requirement R2 because it is redundant to Reliability Standard BAL-005-1 Requirement R7.

Reliability Standard INT-009-2.1 Requirement R2 provides as follows:

**R2.** The Attaining Balancing Authority and the Native Balancing Authority shall use a dynamic value emanating from an agreed upon common source to account for the Pseudo-Tie in the Actual Net Interchange (NIA) term of their respective control ACE (or alternate control process).

Following the development of Reliability Standard INT-009-2.1, NERC developed, and the Commission approved, Reliability Standard BAL-005-1 – Balancing Authority Control.<sup>59</sup> The standard became effective in the United States on January 1, 2019. Reliability Standard BAL-005-1 Requirement R7 provides that each Balancing Authority shall ensure that each Pseudo-Tie with an Adjacent Balancing Authority is equipped with: (i) a common source to provide information to both Balancing Authorities for the scan rate values in the calculation of Reporting Ace (Part 7.1); and (ii) a time synchronized common source to determine hourly megawatt-hour values agreed-upon to aid in the identification and mitigation of errors (Part 7.2).

As Reliability Standard BAL-005-1 Requirement R7 now addresses the same reliability goal, NERC determined that it is appropriate to retire Requirement R2 in proposed Reliability Standard INT-009-3. The retirement of this requirement would not have an adverse impact on reliability and is in the public interest.

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<sup>59</sup> *Balancing Authority Control, Inadvertent Interchange, and Facility Interconnection Reliability Standards*, Order No. 836, 160 FERC ¶ 61,070 (2017).

## **D. Reliability Standard PRC-004-6**

### **1. Procedural History and Purpose**

In 2015, the Commission approved several versions of the PRC-004 Reliability Standard, including substantive revisions to the requirements in version PRC-004-3<sup>60</sup> and subsequent revisions to the applicability section and Violation Risk Factors. The currently effective version is Reliability Standard PRC-004-5(i).<sup>61</sup>

### **2. Justification**

The purpose of proposed Reliability Standard PRC-004-6, which remains unchanged from the currently effective version of the standard, is to “identify and correct the causes of Misoperations of Protection Systems for Bulk Electric System (BES) Elements.” In proposed Reliability Standard PRC-004-6, NERC proposes to retire Requirement R4 of the currently effective standard because the requirement provides little, if any, benefit or protection to the reliable operation of the BPS.

Currently effective Reliability Standard PRC-004-5(i) consists of six requirements for identifying and analyzing Protection System Misoperations and developing Corrective Action Plans to address underlying causes. Requirement R4 requires each applicable entity that has not yet determined the cause of a Misoperation to perform investigative actions as follows:

- R4.** Each Transmission Owner, Generator Owner, and Distribution Provider that has not determined the cause(s) of a Misoperation, for a Misoperation identified in accordance with Requirement R1 or R3, shall perform investigative action(s) to determine the cause(s) of the Misoperation at least once every two full calendar quarters after the Misoperation was first identified, until one of the following completes the investigation:

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<sup>60</sup> *Order Approving Reliability Standard*, 151 FERC ¶ 61,129 (2015).

<sup>61</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RD15-5-000 (Nov. 19, 2015) (delegated letter order) (approving PRC-004-5) and *N. Am. Elec. Reliability Corp.*, Docket Nos. RD14-14-001, RD15-3-001, and RD15-5-001 (Dec. 4, 2015) (approving revisions to VRFs and VSLs).

- The identification of the cause(s) of the Misoperation; or
- A declaration that no cause was identified.

While originally intended to promote due diligence in identifying the causes of Misoperations, the activities associated with Requirement R4 have in practice consisted of developing tracking documents to show that investigative actions were performed at the required periodicity. Upon further review of this requirement, NERC has determined that it does not necessarily promote effective or efficient investigation practices. In some cases, an entity may need additional time beyond two calendar quarters to conduct a diligent investigation, particularly if equipment outages are necessary. Moreover, if an entity is unable to determine the cause of a Misoperation, further investigation(s) every two calendar quarters using the same event data are unlikely to lead to the identification of the cause. For these reasons, NERC has determined that it would be more effective and efficient to have entities investigate the causes of Misoperations according to their own internal control policies and procedures, rather than in accordance with a mandatory Reliability Standard requirement that requires investigative actions be performed on a specific, recurring, and inflexible timeframe.

Based on these considerations, NERC has determined that Reliability Standard PRC-004-5(i) Requirement R4 provides little, if any, benefit or protection to the reliable operation of the BPS. Therefore, NERC proposes to retire Requirement R4 in proposed Reliability Standard PRC-004-6. The retirement of this requirement would not have an adverse impact on reliability and is in the public interest.

#### **E. Enforceability of the Proposed Reliability Standards**

The proposed Reliability Standards contain Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for each of the requirements. The VRFs and VSLs provide guidance on the way that NERC will enforce the requirements of the proposed Reliability Standards. The VRFs

and VSLs are substantively unchanged from currently effective versions of the Reliability Standards, reflecting only those revisions necessary to effectuate the proposed requirement retirements. As such, they continue to comport with NERC and Commission guidelines related to their assignment.

In addition, the proposed Reliability Standards also include measures that support the requirements by clearly identifying what is required and how the requirement will be enforced. The measures help ensure that the requirements will be enforced in a clear, consistent, and non-preferential manner and without prejudice to any party. The measures are substantively unchanged from currently enforceable versions of the Reliability Standards, reflecting only those revisions necessary to effectuate the proposed requirement retirements.

## **VI. EFFECTIVE DATE**

NERC respectfully requests that the Commission approve the implementation plan attached to this petition as **Exhibit B**, as it relates to the Reliability Standard proposals addressed in this petition. The proposed implementation plan provides that, for Reliability Standards that are proposed to be retired in their entirety (i.e. no new standard version is proposed), the retirement would become effective immediately upon regulatory approval. For the proposed revised Reliability Standards, the revised standards would become effective on the first day of the first calendar quarter that is three months after applicable regulatory approval. The currently effective versions of those Reliability Standards would be retired immediately prior to the effective date of the revised Reliability Standards. This implementation timeline reflects consideration that entities may need time to update their internal systems and documentation to reflect the new Reliability Standard version numbers.

## VII. CONCLUSION

For the reasons set forth above, NERC respectfully requests that the Commission approve:

- The retirement of currently effective Reliability Standards FAC-013-2, INT-004-3.1, INT-010-2.1, MOD-001-1a, MOD-004-1, MOD-008-1, MOD-020-0, MOD-028-2, MOD-029-2a, and MOD-030-3;
- Proposed Reliability Standards FAC-008-4, INT-006-5, INT-009-3, and PRC-004-6 and the associated elements included in **Exhibit A**, and the retirement of currently effective Reliability Standards FAC-008-3, INT-006-4, INT-009-2.1, and PRC-004-5(i); and
- The implementation plan included in **Exhibit B**.

Respectfully submitted,

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