133 FERC ¶ 61,234
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 40

Docket No. RM10-8-000

Electric Reliability Organization Interpretations of Interconnection Reliability Operations and Coordination and Transmission Operations Reliability Standards

(Issued December 16, 2010)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: Under section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) proposes to approve the North American Electric Reliability Corporation's (NERC) proposed interpretation of certain specific requirements of the Commission-approved Reliability Standards, TOP-005-1, Operational Reliability Information, and IRO-005-1, Reliability Coordination – Current-Day Operations. Specifically, the interpretation addresses whether a Special Protection System (or SPS) that is operating with only one communication channel in service is "degraded" under these standards. The Commission proposes to approve the interpretation, discussed below, as being consistent with and not expanding or changing the existing Reliability Standards. However, to address Commission concerns that the interpretation fails to specify that a Special Protection System that has lost a communication channel be reported, the Commission also proposes to direct NERC pursuant to section 215 (d)(5) of the FPA to develop modifications to the TOP-005-1 and

IRO-005-1 Reliability Standards, as discussed below, through its Reliability Standards development process. The Commission seeks comments on its proposal.

DATES: Comments are due [Insert_Date that is 45 days after publication in the **FEDERAL REGISTER**].

ADDRESSES: You may submit comments, identified by docket number and in accordance with the requirements posted on the Commission's web site, http://www.ferc.gov. Comments may be submitted by any of the following methods:

- Agency Web Site: Documents created electronically using word processing software should be filed in native applications or print-to-PDF format, and not in a scanned format, at http://www.ferc.gov/docs-filing/efiling.asp.
- Mail/Hand Delivery: Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426. These requirements can be found on the Commission's website; see, e.g., the "Quick Reference Guide for Paper Submissions," available at http://www.ferc.gov/docs-filing/efiling.asp or via phone from FERC Online Support at 202-502-6652 or toll-free at 1-866-208-3676.

FOR FURTHER INFORMATION CONTACT:

Danny Johnson (Technical Information)
Office of Electric Reliability
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-8892
danny.johnson@ferc.gov

Richard M. Wartchow (Legal Information)
Office of the General Counsel
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-8744

SUPPLEMENTARY INFORMATION:

133 FERC ¶ 61,234
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Electric Reliability Organization Interpretations of Interconnection Reliability Operations and Coordination and Transmission Operations Reliability Standards — Docket No. RM10-8-000

NOTICE OF PROPOSED RULEMAKING

(Issued December 16, 2010)

1. Under section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) proposes to approve the North American Electric Reliability Corporation's (NERC) proposed interpretation of certain specific requirements of the Commission-approved Reliability Standards, TOP-005-1, Operational Reliability Information, and IRO-005-1, Reliability Coordination – Current-Day Operations.[1] Specifically, the interpretation addresses whether a Special Protection System (or SPS) that is operating with only one communication channel in service is "degraded" under these standards. The Commission proposes to approve the interpretation, discussed below, as being consistent with and not expanding or changing the existing Reliability Standards. However, to address Commission concerns that the interpretation fails to specify that a Special Protection System that has lost a communication channel be reported, the Commission also proposes to direct NERC pursuant to section 215 (d)(5) of

[1] The Commission is not proposing any new or modified text to its regulations. As provided in 18 CFR Part 40, proposed Reliability Standards will not become effective until approved by the Commission, and the ERO must post on its website each effective Reliability Standard. The proposed interpretations would assist entities in complying with the Reliability Standards.

the FPA to develop modifications to the TOP-005-1 and IRO-005-1 Reliability Standards, as discussed below, through its Reliability Standards development process. The Commission seeks comments on its proposal.

I. Background

A. FPA Section 215 and Mandatory Reliability Standards

2. Section 215 of the FPA requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.[2]

3. Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO[3] and, subsequently, certified NERC as the ERO.[4] On April 4, 2006, as modified on August 28, 2006, NERC submitted to the Commission a petition seeking approval of 107 proposed Reliability Standards. On March 16, 2007, the Commission issued a Final Rule, Order No. 693, approving 83 of these 107 Reliability Standards and

---

[2] *See* 16 U.S.C. 824o(e)(3).

[3] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

[4] *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *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).

directing other action related to these Reliability Standards.[5] In addition, pursuant to section 215(d)(5) of the FPA, the Commission directed NERC to develop modifications to 56 of the 83 approved Reliability Standards.[6]

4. In Order No. 693, the Commission approved the previous versions of the IRO-005-1[7] and TOP-005-1 Reliability Standards, directing NERC to develop modifications to the standards. For IRO-005-1, the Commission directed NERC to develop modifications to the standard in order to include Measures and Levels of Non-Compliance specific to interconnection reliability operating limit (IROL) violations during normal and contingency conditions.[8] For TOP-005-1, the Commission directed NERC to develop a modification to include the operational status of Special Protection Systems and power system stabilizers in the types of information that transmission operators are expected to share, unless otherwise agreed.[9] NERC reports that its

[5] *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

[6] 16 U.S.C. 824o(d)(5). Section 215(d)(5) provides, "The Commission . . . may order the Electric Reliability Organization to submit to the Commission a proposed reliability standard or a modification to a reliability standard that addresses a specific matter if the Commission considers such a new or modified reliability standard appropriate to carry out this section."

[7] Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 945.

[8] *Id.* P 951.

[9] *Id.* P 1648 (directing revisions to TOP-005-1, Attachment 1). The Commission proposed to accept a new version of the Operational Reliability Information Reliability Standard, TOP-005-2, in *Mandatory Reliability Standards for Interconnection Reliability*

(continued…)

interpretation was originally developed based on a review of version IRO-005-1 of the Reliability Coordination – Current-Day Operations Reliability Standard. According to NERC, the intervening changes resulting in the current versions are not material to the substance of the interpretation.[10] Therefore, although our discussion of the interpretation will refer for convenience to the IRO-005-1 and TOP-005-1 versions of the Reliability Standards, the discussion in this NOPR is intended to apply equally to subsequent versions of the standards.

5. Also in Order No. 693, the Commission declined to approve standards addressing Special Protection System design, operation, and coordination, finding them to be "fill in the blank" standards.[11] Such fill-in-the-blank standards would require the regional reliability organizations to develop criteria for use by users, owners or operators within each region. In Order No. 693, the Commission required NERC to submit supplemental

---

Operating Limits, NOPR, Docket No. RM10-15-000, 75 Fed. Reg. 71613 (Nov. 24, 2010), 133 FERC ¶ 61,151, at P 65 (2010) (requesting comment whether the list of minimum electric system reliability data in TOP-005-1, Attachment 1 is beneficial for reliability coordinators to meet the requirements of IRO-008-1 and IRO-009-1).

[10] The Order No. 693 directive to add the operational status of Special Protection Systems and power system stabilizers to the types of information to be provided under TOP-005-1 remains outstanding.

[11] *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, at P 1520, 1528, *et seq.* (2007) (declining to approve or remand certain Special Protection Systems-related Reliability Standards, including PRC-012-0, Special Protection System Review Procedure; PRC-013-0, Special Protection System Database; PRC-014-0, Special Protection System Assessment). The Commission used the term fill-in-the-blank standards to refer to proposed standards that required the regional reliability organizations to develop at a later date criteria for use by users, owners or operators within each region.

information for the fill-in-the-blank standards, including standards for Special Protection System design, and found that absent such information the Commission was not in a position to approve or remand those Reliability Standards.

6. The NERC glossary provides definitions of terms used in the Reliability Standards and defines a "Special Protection System" (or SPS) as:

> An automatic protection scheme designed to detect abnormal or predetermined system conditions and take corrective actions other than and/or in addition to the isolation of faulted component to maintain system reliability. Such action may include changes in demand, generation (MW and MVAR), or system configuration to maintain system stability, acceptable voltage or power flows.[12]

7. Special Protection Systems generally are used to address system reliability vulnerabilities in lieu of installing more costly additional Bulk-Power System facilities. For instance, a Special Protection System may be used to control generator output to limit line loading after a contingency, or a Special Protection System may rely on pre-determined operational protocols to reconfigure the system in response to identified system conditions to prevent system instability or cascading outages, and protect other facilities in response to transmission outages.

[12] In the Western Interconnection, a Special Protection System is called a "Remedial Action Scheme."

8. Since Order No. 693 was issued, NERC has produced a white paper providing background for its Protection System Reliability Standards development effort.[13] After this standards development effort was initiated, the NERC Regional Reliability Standards Working Group identified the Special Protection System standard as one that required regional standard development.[14] The Commission understands that the regional standard development efforts are currently ongoing.

9. NERC's Rules of Procedure provide that a person that is "directly and materially affected" by Bulk-Power System reliability may request an interpretation of a Reliability Standard.[15] The ERO's "standards process manager" will assemble a team with relevant expertise to address the requested interpretation and also form a ballot pool. NERC's Rules provide that, within 45 days, the team will draft an interpretation of the Reliability Standard, with subsequent balloting. If approved by ballot, the interpretation is appended to the Reliability Standard and filed with the applicable regulatory authority for regulatory approval.

---

[13] NERC System Protection and Control Subcommittee (SPCS), November 18, 2008 white paper on *Protection System Reliability, Redundancy of Protection System Elements available at* http://www.nerc.com/filez/spctf.html (posted Jan. 14, 2009).

[14] NERC Regional Reliability Standards Working Group, Notes on October 29, 2009 meeting, *available at* http://www.nerc.com/filez/rrswg.html .

[15] NERC Rules of Procedure, Appendix 3A, Reliability Standards Development Procedure, Version 6.1, at 26-27 (2007).

B. Reliability Standards and Interpretation Request

1. Reliability Standard IRO-005-1

10. Reliability Standard IRO-005-1 applies to transmission operators, balancing authorities, reliability coordinators and purchasing selling entities. The IRO-005-1 Purpose statement provides: "The Reliability Coordinator must be continuously aware of conditions within its Reliability Coordinator Area and include this information in its reliability assessments. The Reliability Coordinator must monitor Bulk Electric System parameters that may have significant impacts upon the Reliability Coordinator Area and neighboring Reliability Coordinator Areas." Requirement R12 of Reliability Standard IRO-005-1 requires the transmission operator to immediately notify the reliability coordinator of the status of certain Special Protections Systems, whenever those Special Protection Systems are armed, including any degradation or potential failure to operate as expected. Requirement R12 provides:

> Whenever a Special Protection System that may have an inter-Balancing Authority, or inter-Transmission Operator impact (e.g., could potentially affect transmission flows resulting in a SOL or IROL violation) is armed, the Reliability Coordinator shall be aware of the impact of the operation of that Special Protection System on inter-area flows. The Transmission Operator shall immediately inform the Reliability Coordinator of the status of the Special Protection System including any degradation or potential failure to operate as expected.

2. Reliability Standard TOP-005-1

11. Reliability Standard TOP-005-1 applies to transmission operators, balancing authorities, reliability coordinators and purchasing selling entities, and has the stated

purpose of ensuring that reliability entities have the operating data needed to monitor system conditions within their areas.[16]

12. Requirement R3 of Reliability Standard TOP-005-1 requires each balancing authority and transmission operator to provide its neighboring balancing authorities and transmission operators with operating data to allow them to perform operational reliability assessments and to coordinate reliable operations. Included in the types of data to be reported are "New or degraded special protection systems." TOP-005-1, Requirement R3 provides:

> Upon request, each Balancing Authority and Transmission Operator shall provide to other Balancing Authorities and Transmission Operators with immediate responsibility for operational reliability, the operating data that are necessary to allow these Balancing Authorities and Transmission Operators to perform operational reliability assessments and to coordinate reliable operations. Balancing Authorities and Transmission Operators shall provide the types of data as listed in Attachment 1-TOP-005-0 "Electric System Reliability Data," unless otherwise agreed to by the Balancing Authorities and Transmission Operators with immediate responsibility for operational reliability.

3. Manitoba Hydro Interpretation Request

13. Manitoba Hydro requested clarification from NERC of the meaning of the term "degraded/degradation" as used in NERC Reliability Standards TOP-005-1 and IRO-005-1.[17] Specifically, Manitoba Hydro asked whether a Special Protection System that is

[16] Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1642.

[17] The NERC Petition provides a copy of Manitoba Hydro's November 28, 2008 request for interpretation as Exhibit A.

operating with only one communication channel in service would be considered "degraded" for the purposes of these standards. Manitoba Hydro stated:

> Unlike other facilities, Special Protection Systems are required by NERC standards to be designed with redundant communication channels, so that if one communication channel fails the SPS is able to remain in operation. Requirement R1.3 of NERC Standard PRC-012-0 requires a Regional Reliability Organization with Transmission Owners that use SPSs to have a documented review procedure to ensure that SPSs comply with reliability standards and criteria, including: "requirements to demonstrate that the SPS shall be designed so that a single SPS component failure, when the SPS was intended to operate, does not prevent the interconnected transmission system from meeting the performance requirements in TPL-001-0, TPL-002-0 and TPL-003-0." Accordingly, SPSs are designed to continue to perform their function with only one communication channel in service.

14. According to Manitoba Hydro, a Special Protection System should not be considered "degraded" if it is operating with one communication channel out of service. Manitoba Hydro supported its position as consistent with the Institute of Electrical and Electronics Engineers, Inc. (IEEE) definition of degraded as "the inability of an item to perform its required function."[18] Manitoba Hydro cites NERC Reliability Standard PRC-012-0, Requirement R1.3 and asserts that Special Protection Systems are designed to

[18] Manitoba Hydro request for interpretation at 4-5 (citing full IEEE definitions of *degraded*: "a failure that is gradual, or partial or both; for example, the equipment degrades to a level that, in effect, is a termination of the ability to perform its required function," and *failure (Reliability)*: "the termination of the ability of an item to perform its required function." IEEE 100, The Authoritative Dictionary of IEEE Standards Terms (7^{th} ed.) (2000)).

continue to perform their function with only one communication channel in service.[19] Manitoba Hydro cites the NERC glossary as defining the function of a Special Protection System "to detect abnormal or predetermined system conditions, and take corrective actions other than and/or in addition to the isolation of faulted components to maintain system reliability." Manitoba Hydro concludes that a Special Protection System with one communication channel out of service can still fully perform its function and, therefore, that a Special Protection System with one communication channel out of service is not degraded.

C. NERC Petition

15. NERC submitted its Petition for Approval of Interpretations to Reliability Standard TOP-005-1 – Operational Reliability Information and Reliability Standard IRO-005-1 – Reliability Coordination – Current Day Operations (Petition) on November 24, 2009, seeking Commission approval of the interpretations referenced in the title of its pleading.

16. Consistent with the NERC Rules of Procedure, NERC assembled a team to respond to the requests for interpretation and presented the proposed interpretations to industry ballot, using a process similar to the process it uses for the development of

[19] According to Manitoba Hydro, PRC-012-0, Requirement R1.3 requires a Special Protection System to be designed so that, when the Special Protection System is intended to operate, a single component failure does not prevent the interconnected transmission system from meeting the performance requirements in TPL-001-0, TPL-002-0 and TPL-003-0. In Order No. 693, the Commission did not approve PRC-012-0, finding that was a fill-in-the-blank standard and lacked regional review procedures for Special Protection Systems.

Reliability Standards.[20] According to NERC, the interpretations were developed and approved by industry stakeholders using the NERC Reliability Standards Development Procedure and approved by the NERC Board of Trustees (Board).

17. In response to Manitoba Hydro's interpretation request, NERC provided the following:

> TOP-005-1 does not provide, nor does it require, a definition for the term "degraded."
>
> The IRO-005-1 ([Requirement] R12) standard implies that degraded is a condition that will result in a failure of an SPS to operate as designed. If the loss of a communication channel will result in the failure of an SPS to operate as designed, then the Transmission Operator would be mandated to report that information. On the other hand, if the loss of a communication channel will not result in the failure of the SPS to operate as designed, then such a condition can be, but is not mandated to be, reported.

18. Also, in a background description of the interpretation, NERC affirms that transmission operators are required to provide information such as that listed in the examples upon request, "whether or not [a facility] is or is not in some undefined 'degraded' state."[21]

19. In addition, the background section accompanying the interpretation emphasizes that the information to be provided under IRO-005-1 relates to events that may have a

[20] NERC Reliability Standards Development Procedure at 26-27.

[21] NERC Petition, Exhibit B at 5 (proposing text of interpretation as Appendix 1 to IRO-005-1 and TOP-005-1).

significant impact on the system, especially where operating limits are or may be exceeded. Specifically it states:

> IRO-005-1 mandates that each Reliability Coordinator monitor predefined base conditions (Requirement R1), collect additional data when operating limits are or may be exceeded (Requirement R3), and identify actual or potential threats (Requirement R5). The basis for that request is left to each Reliability Coordinator. The Purpose statement of IRO-005-1 focuses on the Reliability Coordinator's obligation to be aware of conditions that may have a "significant" impact upon its area and to communicate that information to others (Requirements R7 and R9). Please note: it is from this communication that Transmission Operators and Balancing Authorities would either obtain or would know to ask for [Special Protection System] information from another Transmission Operator.[22]

20. In addition, the NERC Petition states:

> The NERC Board of Trustees, in approving these interpretations, did so using a standard of strict construction that does not expand the reach of the standard or correct a perceived gap or deficiency in the standard. However, the NERC Board of Trustees recommended that any gaps or deficiencies in a Reliability Standard that are evident through the interpretation process be addressed promptly by the standard drafting team.[23]

21. NERC reports that it will examine any gaps or deficiencies in Reliability Standards TOP-005-1 and IRO- 005-2 when it develops the next version of these standards through the Reliability Standards development process.

---

[22] *Id.* Exhibit B at 6.

[23] NERC Petition at 5.

22. According to NERC, the interpretations do not modify the language contained in the requirements under review. NERC states that the interpretations do not represent new or modified Reliability Standard requirements and will provide instruction and guidance of the intent and application of the requirements. NERC requests that the Commission approve the interpretations and make them effective immediately after approval, consistent with the Commission's procedures.

II. Proposed Determination

23. We propose to approve NERC's interpretation of Reliability Standards IRO-005-1, Requirement R12, and TOP-005-1, Requirement R3. We believe that the ERO has presented a reasonable interpretation that is not inconsistent with the language of the Reliability Standards. However, we are concerned that the interpretation highlights a potential gap in reliability. While not required by the Reliability Standards as interpreted by the ERO, we are concerned that a Special Protection System that has lost a communication channel could compromise system reliability, for the reasons explained below. Accordingly, pursuant to section 215 (d)(5) of the FPA, we propose to direct that the ERO develop modifications to the Reliability Standards to address our concern. Specifically, we propose to direct the ERO to develop modifications to IRO-005-1, Requirement R12, and TOP-005-1, Requirement R3.

A. Discussion

24. The Commission proposes to approve the interpretation. We agree with the ERO that the failure of a Special Protection System to operate as designed is, for the purpose of Reliable Operation, degraded and reportable under Reliability Standards IRO-005-1,

Requirement R12 and TOP-005-1, Requirement R3. The Commission is concerned, however, that this interpretation may create a reliability gap concerning the reporting requirements for a Special Protection System that is able to operate as designed but still poses a reliability risk to Bulk-Power System with the loss of a single communication channel with redundant design.

25. In its November 18, 2008 white paper, "Protection System Reliability, Redundancy of Protection System Elements," the NERC System Protection and Control Subcommittee (SPCS) explained that "[r]edundancy means that two or more functionally equivalent Protection Systems are used to protect each electric system element."[24] The SPCS also explained in its white paper that "[a] fundamental concept of redundancy is that Protection Systems need to be designed such that electric system faults will be cleared, even if a component of the Protection System fails."[25] In accordance with the analysis provided in the SPCS white paper, redundancy of Protection System components is neither unnecessary nor superfluous. Rather, redundancy is necessary to ensure that no single point of failure of a Protection System component results in the inability of the Bulk-Power System to meet the system performance requirements established in the TPL

[24] NERC SPCS white paper at 9, available at http://www.nerc.com/filez/spctf.html (dated Jan. 14, 2009).

[25] *Id.*; *see also* Table 4-3 in the white paper noting possible responses to communication channel failure including adding a redundant channel or performing testing to ensure that delayed fault clearing does not violate the planning standards.

Reliability Standards.[26] In other words, redundant communication channels are a means to provide for the reliable operation of the Special Protection System. Should a communication channel fail at the time the Special Protection System is required to operate, the designed redundancy of the Special Protection System ensures that the Bulk-Power System can meet its reliability performance requirements.

26. Our concern is that, given NERC's proposed interpretation, a loss of a communication channel, a necessary and inherent performance requirement of a Special Protection System, may not be considered a reportable event under the current reporting requirements. Because Special Protection Systems are by their nature used to address system reliability vulnerabilities to prevent system instability, cascading outages, and protect other facilities in response to contingencies, a failure of the remaining communication component of a Special Protection System creates a reliability risk to the Bulk-Power System. This means that where one communication channel has failed, the Special Protection System may not be able to meet the performance criteria of the Reliability Standards and in particular the performance criteria specified in the Transmission Planning (TPL) standards. In such a situation, the Special Protection

[26] We note proposed NERC Reliability Standard PRC-012-0, Requirement R1.3 establishes a performance requirement for Special Protection Systems. Proposed Requirement R1.3 states: "Requirements to demonstrate that the SPS shall be designed so that single SPS component failure, when the SPS was intended to operate, does not prevent the interconnected transmission system from meeting the performance requirements defined in Reliability Standards TPL-001-0, TPL-002-0, and TPL-003-0." Proposed reliability standard PRC-012-0 has not yet been approved as mandatory and enforceable by the Commission.

System, though capable of operating as designed following the loss of one communication channel, may not be able to withstand a second component failure. It is our view that such a Special Protection System would be operating at some state less than the normal secure state and should need to be reported to the appropriate reliability entities in order for these reliability entities to accurately assess operational reliability.

B. Commission Proposal

27. For the reasons stated above, the Commission proposes to direct the ERO to develop modification to Reliability Standards IRO-005-2 and TOP-005-1.1 through its standards development process. The ERO's revision would address the potential reliability gap discussed above to ensure that a component failure, wherein a Special Protection System may not be able to perform as designed to ensure required Bulk-Power System performance, is reported to the appropriate reliability entities. Accordingly, pursuant to section 215 (d)(5) of the FPA, we propose to direct NERC to develop modifications to the Reliability Standards to address our concern. Specifically, we propose to direct NERC to develop modifications to Reliability Standards IRO-005-2 and TOP-005-1.1 to address the potential reliability gap discussed above to ensure that a component failure, wherein a Special Protection System may not be able to perform as designed to ensure required Bulk-Power System performance, is reported to the appropriate reliability entities. We seek comment on this proposal. In particular, we seek comment from reliability coordinators and transmission operators whether this information would be useful in the operation and coordination of the transmission system.

III. Information Collection Statement

28. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping (collections of information) imposed by an agency.[27] The information contained here is also subject to review under section 3507(d) of the Paperwork Reduction Act of 1995.[28]

29. As stated above, the Commission previously approved, in Order No. 693, materially similar versions of each of the Reliability Standards that are the subject of the current rulemaking. This NOPR proposes to approve the interpretation of these previously approved Reliability Standards, which was developed by NERC as the ERO. In doing so, the Commission proposes certain issues to be addressed and clarifications to be made. The proposed interpretations, as clarified, relate to existing Reliability Standards and the Commission does not expect them to add to or otherwise increase entities' current reporting burden.[29]

30. For the purposes of reviewing this interpretation, the Commission seeks information concerning whether the interim interpretation as approved will cause respondents to alter reporting frequencies and potentially impose an additional burden.

31. We will submit this proposed rule to OMB for informational purposes.

---

[27] 5 CFR 1320.11.

[28] 44 U.S.C. 3507(d).

[29] *See* Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1901-1907.

Title: Electric Reliability Organization Interpretations of Interconnection Reliability Operations and Coordination and Transmission Operations Reliability Standards.

Action: Proposed Collection.

OMB Control No.: 1902-0244

Respondents: Businesses or other for-profit institutions; not-for-profit institutions.

Frequency of Responses: On Occasion.

Necessity of the Information: This proposed rule would approve an interpretation of the specific requirements of two Commission-approved Reliability Standards. The proposed rule would find the interpretation just, reasonable, not unduly discriminatory or preferential, and in the public interest.

32. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director, Phone: (202) 502-8663, fax: (202) 273-0873, e-mail: data.clearance@ferc.gov].

33. For submitting comments concerning the collection(s) of information and the associated burden estimate(s), please send your comments to the contact listed above and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone (202) 395-7345, fax: (202) 395-7285, e-mail: oira_submission@omb.eop.gov].

IV. Environmental Analysis

34. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[30] The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do not substantially change the effect of the regulations being amended.[31] The actions proposed herein fall within this categorical exclusion in the Commission's regulations.

V. Regulatory Flexibility Act

35. The Regulatory Flexibility Act of 1980 (RFA)[32] generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's (SBA) Office of Size Standards develops the numerical definition of a small business.[33] The SBA has established a size standard for electric utilities, stating that a firm is small if, including its affiliates, it is primarily engaged in the transmission,

[30] *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

[31] 18 CFR 380.4(a)(2)(ii).

[32] 5 U.S.C. 601-612.

[33] 13 CFR 121.101.

generation and/or distribution of electric energy for sale and its total electric output for the preceding twelve months did not exceed four million megawatt hours.[34] The RFA is not implicated by this proposed rule because the interpretations discussed herein will not have a significant economic impact on a substantial number of small entities.

36. In Order No. 693, the Commission adopted policies to minimize the burden on small entities, including approving the ERO compliance registry process to identify those entities responsible for complying with mandatory and enforceable Reliability Standards. The ERO registers only those distribution providers or load serving entities that have a peak load of 25 MW or greater and are directly connected to the bulk electric system or are designated as a responsible entity as part of a required under-frequency load shedding program or a required under-voltage load shedding program. Similarly, for generators, the ERO registers only individual units of 20 MVA or greater that are directly connected to the bulk electric system, generating plants with an aggregate rating of 75 MVA or greater, any blackstart unit material to a restoration plan, or any generator that is material to the reliability of the Bulk-Power System. Further, the ERO will not register an entity that meets the above criteria if it has transferred responsibility for compliance with mandatory Reliability Standards to a joint action agency or other organization. The Commission estimated that the Reliability Standards approved in Order No. 693 would apply to approximately 682 small entities (excluding entities in Alaska and Hawaii), but also pointed out that the ERO's Compliance Registry Criteria allow for a joint action

[34] 13 CFR 121.201, Sector 22, Utilities, & n. 1.

agency, generation and transmission (G&T) cooperative or similar organization to accept compliance responsibility on behalf of its members. Once these organizations register with the ERO, the number of small entities registered with the ERO will diminish and, thus, significantly reduce the impact on small entities.[35]

37. Finally, as noted above, this proposed rule addresses an interpretation of the IRO-005-1 and TOP-005-1 Reliability Standards, which were already approved in Order No. 693, and, therefore, is not expected to create an additional regulatory impact on small entities.

VI. Comment Procedures

38. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due [Insert Date that is 45 days after publication in the **FEDERAL REGISTER**]. Comments must refer to Docket No. RM10-8-000, and must include the commenters' name, the organization they represent, if applicable, and their address in their comments.

39. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at http://www.ferc.gov. The Commission accepts most standard word processing formats. Documents created electronically using word

[35] To be included in the compliance registry, the ERO determines whether a specific small entity has a material impact on the Bulk-Power System. If these small entities should have such an impact then their compliance is justifiable as necessary for Bulk-Power System reliability.

processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

40. Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission; 888 First Street, NE; Washington, DC 20426.

41. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

VII. Document Availability

42. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (http://www.ferc.gov) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington, DC 20426.

43. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

44. User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or e-mail at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Document Content(s)