UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Mandatory Reliability Standards
for the Bulk-Power System
Docket No. RM06-16-000

COMMENTS OF THE
NORTHEAST POWER COORDINATING COUNCIL: CROSS-BORDER REGIONAL ENTITY, INC.


I. INTRODUCTION

On August 8, 2005 the President of the United States signed into law the Electricity Modernization Act of 2005 (“EPAct 2005”), which for the first time makes compliance with electric reliability standards mandatory and enforceable within the United States. NPCC worked with others in the industry towards passage of this legislation.

On April 4, 2006, the North American Electric Reliability Council, on behalf of its wholly-owned subsidiary, the North American Electric Reliability Corporation (collectively, “NERC”), filed 102 proposed Reliability Standards for Commission approval, subject to its application for certification as the Electric Reliability

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On May 11, 2006, the Commission released a staff preliminary assessment of the proposed Reliability Standards. The Staff Preliminary Assessment identified staff’s preliminary observations and concerns regarding NERC’s then-current voluntary reliability standards. It reviewed and identified issues regarding each individual Reliability Standard but did not make specific recommendations regarding the appropriate action on a particular proposal.

Pursuant to the directives in EPAct 2005, the Commission instituted this rulemaking process on October 20, 2006 to establish Mandatory Reliability Standards for the Bulk Power System in North America. In this NOPR, pursuant to section 215 of the Federal Power Act (FPA), the Commission is proposing to approve 83 of 107 proposed Reliability Standards, including six of the eight regional differences, and the Glossary of Terms Used in Reliability Standards developed by the North American Electric Reliability Council. While the Commission finds that the 83 Reliability Standards meet the requirements of section 215 of the FPA and Part 39 of the Commission’s regulations, the Commission also observes that much work remains to be done to improve the standards to address, among other things, the recommendations of the Blackout Report. To further this objective, the Commission is requiring the ERO to make significant improvements to many of the 83 Reliability Standards that are being approved as mandatory and enforceable. With respect to the remaining 24 Reliability Standards, the Commission proposes that they remain pending at the Commission, without remand, until further information is provided.

As the Cross-Border Regional Entity responsible for establishing Regional Reliability Standards and enforcing mandatory Reliability Standards for the

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4 Federal Energy Regulatory Commission Staff Preliminary Assessment of the North American Electric Reliability Council’s Proposed Mandatory Reliability Standards, Docket No. RM06-16-000 (May 11, 2006)(“Staff Preliminary Assessment”).
Northeastern United States and Eastern Canada, NPCC CBRE has a direct interest in the matters addressed in this NOPR. NPCC CBRE’s comments specifically focus on the RE’s role with respect to the ERO in the development and enforcement of reliability standards, the scope and applicability of the mandatory reliability standards, and issues to be addressed in the RE’s compliance program. NPCC CBRE’s Members may also provide additional comments on the remaining aspects of the NOPR, as appropriate.

II. COMMUNICATIONS

All communications, including any correspondence, pleadings, or other documents, related to this matter should be directed to the following individual:

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III. DESCRIPTION OF THE NORTHEAST POWER COORDINATING COUNCIL: CROSS-BORDER REGIONAL ENTITY, INC.

In response to EPAct 2005 and the certification of NERC as the Electric Reliability Organization (“ERO”), NPCC restructured, transferring its Membership interests to a Regional Reliability Organization, in the form of a not-for-profit corporation, NPCC Inc., and established a separate and independent, affiliated, not-for-profit corporation, Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (“NPCC CBRE”).

NPCC CBRE serves as the Cross-Border Regional Entity for the Northeastern U.S. and Eastern Canada with functions delegated or contracted to it from the ERO, to be backstopped by FERC and Canadian Provincial governmental and/or regulatory authorities.
NPCC Inc., as the international Regional Reliability Organization ("RRO") for Northeastern North America, and successor to NPCC, provides regional reliability member services and acts as the vehicle through which States and Provinces can fulfill their political mandate to oversee the Northeastern North American electric infrastructure through development, assessment and enforcement of regionally-specific reliability criteria, including those addressing adequacy requirements.

The geographic area of the NPCC region totals approximately one million square miles and includes New York State, the six New England states, Ontario, Québec and the Maritime Provinces. The total population served is approximately 56 million people.

From an electric load perspective, 20% of the Eastern Interconnection load is served within the NPCC region. For Canadian electricity requirements, 70% of the country's load is located within the NPCC Region. This represents a current NPCC regional composition by load that is approximately 45% U.S. and 55% Canadian.

IV. EXECUTIVE SUMMARY

NPCC CBRE appreciates the opportunity to submit these comments on the Commission’s Notice of Proposed Rulemaking on Mandatory Reliability Standards for the Bulk-Power System. As the Cross-Border Regional Entity responsible for establishing Regional Reliability Standards and enforcing mandatory Reliability Standards for the Northeastern United States and Eastern Canada, NPCC CBRE’s comments focus specifically on the following issues pertaining to the development, implementation and enforcement of mandatory reliability standards.

1. **Bulk Power System Facility Determination Should Utilize a Reliability Impact-based Methodology.**
   - NPCC CBRE supports Regional Entity application of ERO approved reliability impact-based methodology for BPS facility determination.
NPCC CBRE recommends that determination of bulk power system facilities consider assessment of cascading outage potential. NPCC CBRE recommends that the process to determine BPS facilities avoid diversion of resources towards programs and facilities that would have little effect on the reliability of the interconnected system.

2. Criticality of Regional Reliability Assurance Function.
   - NPCC CBRE supports the development of regionally-specific, more stringent reliability criteria, including criteria establishing adequacy requirements.
   - NPCC CBRE supports the continuation of regional reliability assurance functions, including the coordination of planning and operations, regional reliability assessment and the development of overall regional reliability plans.

3. Continue Reliability Standards’ Focus on Responsible Entities.
   - NPCC CBRE recommends that reliability standards should focus on responsible entities rather than entities that perform delegated tasks.

4. Support Canadian Provincial Approval of Conditional, Remanded or Rejected Reliability Standards
   - NPCC CBRE recognizes that U.S. and Canadian Provincial governmental and/or regulatory authority coordination is critical during their respective approval processes for standards.
   - NPCC CBRE also recognizes that any proposed modifications to international reliability standards must utilize the appropriate ERO or regional reliability standards development processes.

5. Address Standards Implementation Issues
   - NPCC CBRE suggests that any proposed expansion of applicability of a reliability standard would require an implementation period.
   - NPCC CBRE recommends that any future proposed enhancements to standards by the Commission should focus on reliability objectives.

NPCC looks forward to working with NERC, the Commission and Canadian Provincial governmental authorities in implementing a set of mandatory reliability standards that maintain the high level of reliability of the interconnected Bulk Power System of North America.
V. COMMENTS OF NPCC CBRE

A. The Determination of Bulk Power System Should Rest on a Functional, Reliability Impact-based Approach.

The Commission has proposed that the NERC definition of Bulk Electric System and a case-by-case approach on the underlying transmission system is acceptable to determine elements of the Bulk Power System (“BPS”) until NERC can revise its current definition of bulk electric system to ensure that all facilities, control systems, and electric energy from generation resources that impact system reliability are included within the scope of applicability and is consistent with the statutory term Bulk Power System. NOPR at PP68-69. The Commission solicits comment on this interpretation and whether the Regional Entities should, in the future, play a role in either defining the facilities that are subject to a Reliability Standard or be allowed to determine an exception on a case-by-case basis. Id. at P71.

Both Congress and the Commission recognize that it is essential to include all facilities that will impact reliable operation in the definition of Bulk Power System. EPAct 2005 defines the scope of the BPS broadly and in functional terms as “facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof); and electric energy from generation facilities needed to maintain transmission system reliability.” Federal Power Act (“FPA”) § 215(a)(1) (emphasis added). Facilities used in the local distribution of electric energy are excluded. Id. The Commission has indicated support for this definition of the Bulk Power System (“BPS”). See NOPR at P66.

5 The Commission interprets the term “bulk electric system” to apply to all of the transmission systems greater than or equal to 100 kV and any underlying transmission system that could limit or supplement the operation of the higher voltage transmission systems.
Difficulties arise due to differences in the statutory language and present NERC definition of Bulk Electric System. The Commission Staff posits that these differences may create confusion as to which facilities and entities are covered by mandatory Reliability Standards. Furthermore, FERC Staff observed that the NERC Bulk Electric System definition may not include all the elements and all the voltage levels implied in the definition of Bulk Power System which could thwart the intent of section 215 to provide for reliable operation through the application of Mandatory Reliability Standards to the defined elements by unintentionally excluding portions of the transmission system that may have an impact on reliability. Staff Preliminary Assessment at 25-26.

NERC too recognizes the difficulties inherent in its present definition and has recommended changes to either adopt a reliability impact approach that conforms its existing definition to the statutory definition or replace it with the statutory term ensuring that those elements that are necessary to the reliable operation are included in the definition of Bulk Power System.6

As defined by the Regional Reliability Organization, using a reliability impact method approved by the ERO, facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof); and electric energy from generating facilities needed to maintain transmission system reliability. The term does not include facilities used in the local distribution of electric energy. Id.

NPCC CBRE agrees that the definition of BPS should ensure that all facilities and electric energy from generation resources that impact system reliability are included within the scope of applicability of the Reliability Standards. Within Northeastern North

America, a functional, reliability impact approach to determining elements of the BPS has been an integral part of NPCC Inc.’s A-2 Criteria Document, *Basic Criteria for Design and Operation of Interconnected Power Systems*, for over 35 years ensuring against the probability of a widespread, uncontrolled, cascading outage in a cost effective and efficient manner.\(^7\)

Like the definition of BPS provided by Congress, NPCC Inc.’s reliability impact determination of the BPS focuses on those elements that have a significant adverse impact on the reliability of the bulk power system; excluding those elements that serve purely local distribution functions. The NPCC Region has defined the BPS as:

> The interconnected electrical systems within northeastern North America comprising generation and transmission facilities on which faults or disturbances can have a significant adverse impact outside of the local area.\(^8\)

A significant adverse impact is defined as “one or more of the following conditions arising from faults or disturbances . . . .

a. system instability;
b. unacceptable system dynamic response or equipment tripping;
c. voltage levels in violation of applicable emergency limits;
d. loadings on transmission facilities in violation of applicable emergency limits;
e. unacceptable loss of load.\(^9\)

NPCC CBRE believes this method for determining the BPS is consistent with the definition of BPS provided in section 215 of the FPA.

\(^7\) NPCC Criteria Documents can be obtained at http://www.npcc.org/document/abc.cfm.
\(^9\) *Id.* The proposed NPCC Document A-10 provides greater detail on each element constituting a significant adverse impact.
Neither NERC nor section 215 of the FPA provide a rigorous approach to determining which elements play a role in maintaining reliability of the bulk electric system. A functional, reliability impact based approach identifies those elements necessary for reliable operation and assures that compliance and enforcement efforts concentrate on those facilities that materially impact the reliable operation of the international, interconnected bulk power system recognizing that some transmission elements do not play a substantive role in assuring system reliability. An impact-style approach will correctly identify the elements that are necessary to maintain BPS reliability, without reference to voltage class or configuration, yet also differentiate between those transmission elements that are not. This process avoids diversion of resources towards programs and facilities that would have little effect on the reliability of the interconnected system.

NPCC CBRE further maintains that the definition of BPS should rest on the concept that BPS elements are those facilities that have significant adverse effects felt beyond a local area. There is strong support from the review of past outage events that this approach correctly identifies those elements that are essential for BPS reliability. All

10 As NERC correctly observed in its response to the Staff Preliminary Assessment, there is variation between elements that are “necessary” to reliability recognizing that “in some parts of the bulk power system, the backbone of the system is operated at nominal voltages of 500 kV and 345 kV and the underlying facilities are used for distribution of electricity to load centers. In some parts of the system, the backbone of the grid can be at 138 kV, 115 kV or even 69 kV.” NERC Reply to Staff at 27.

11 As standards evolve, there will likely be opportunities to compare best practices and stakeholders will need to weigh more options in ensuring greater reliability. The development of all new or modified standards will need to adequately address both the reliability improvement the standard is intended to bring about and the resources required to implement the standard. This is critical to ensure that the standards provide for reliable operation as defined in the statute, while not misallocating resources-improvements with little demonstrable impact on the reliability of the interconnected system as defined by the Commission.

12 NPCC’s long standing definition of BPS expresses this concept, Criteria Document A-7, Glossary of Terms. Further, the methods presently employed by all NPCC areas in defining a local area is codified on a regional basis in NPCC’s Criteria Document A-10, Classification of Bulk Power System Elements, currently under review.
of the major cascading events over the last several decades initiated from the loss of an element or elements whose impact extends beyond the local area. The Mandatory Reliability Standards developed by NERC are targeted at preventing outages that could result in cascading events, therefore, the focus should be on those components that have the potential to result in impacts beyond a localized area. Moreover, Congress has defined reliable operations to mean operating the elements of the bulk power system so that a cascading failure will not occur. Such a focus will enable the greatest enhancement in reliability with the most efficient expenditure of resources.

Moreover, adopting a well defined and documented, ERO approved reliability impact approach that determines the facilities to which mandatory Reliability Standards will apply lends predictability to the application of future standards as well as to the determination of those entities to which the Standards will apply.

Before adopting an approach, FERC should carefully consider the impacts of implementing a definition imposing standards aimed at maintaining BPS reliability on facilities that may have no significant relation to maintaining reliable system operations as defined by Congress. Focusing the Mandatory Reliability Standards on those elements demonstrated as having an impact on bulk power system reliability will result in the most effective utilization of resources to ensure the highest degree of reliability.

In its June 26th reply, NERC suggested an approach whereby the RRO or RE could initially develop and propose a reliability impact test applicable in their region to the ERO for review and approval. See NERC June 26th Reply at 29. NPCC CBRE

14 FPA section 215(a)(4) states “The term ‘reliable operation’ means operating the elements of the bulk-power system . . . so that instability, uncontrolled separation, or cascading failures of such system will not occur as a result of a sudden disturbance, . . . or unanticipated failure of system elements.”
supports this approach. NPCC, Inc., as the RRO for Northeastern North America, is in the process of formally documenting and seeking membership approval of its BPS element identification procedure for the Northeast. Once complete, NPCC CBRE intends to propose the procedure to NERC for approval as a Regional Standard applicable in Northeastern North America.\textsuperscript{15} Delegation of the task of determining the international, interconnected bulk electric system to the Regions has the added benefit of permitting the ability to address regionally-specific physical and geographic operating differences.

The Commission also solicits comment on whether the ERO or a Regional Entity should be permitted to include an otherwise exempt facility on a facility-by-facility basis, if it determines that the facility is needed for Bulk Power System reliability. And, if so, what if any process should the ERO or Regional Entity provide when making such a determination? NOPR at P52.

NPCC CBRE believes that since it is the RE that has the delegated statutory authority over reliability standard enforcement and the greatest knowledge of its system, it is the RE that should administer the impact test and propose any exception of an otherwise included facility to the ERO for approval. Likewise, analogous to the ability to include an otherwise excluded facility, the RE should have similar authority to propose to the ERO exclusion of an otherwise included facility. NPCC Inc.’s reliability impact based methodology already provides an evaluation of whether a particular facility is included or excluded as a BPS element, without reference to voltage class. This evaluation is inherent in NPCC Inc.’s reliability impact based methodology and is the

\textsuperscript{15} The NPCC A-10 Criteria Document, \textit{Classification of Bulk Power System Elements}, is presently posted for comment under NPCC’s Open Process for Criteria Review and is anticipated to be adopted in the first quarter of 2007.
appropriate process for NPCC CBRE to continue to use when making any such a
determination to include or exclude an element from the defined BPS.

B. The Future Roles of the Regional Reliability Organizations and Regional
Entities.

The Commission states that while it is important that the existing regional
reliability organizations continue to fulfill their current roles during the transition to a
regime where Reliability Standards are mandatory and enforceable, the Commission does
not understand why, once the transition is complete, a regional reliability organization
should play a role separate from a Regional Entity whose function and responsibility is
explicitly recognized by section 215 of the FPA. NOPR at P56. The Commission seeks
comment on whether there is any need to maintain separate roles for regional reliability
organizations with regard to establishing and enforcing Reliability Standards under
section 215. Id.

While it is possible that many of the current functions of the RRO could
eventually be assumed by the RE, there are some RRO functions that should remain
separate and distinct from the RE functions; regardless of whether or not a region adopts
a single entity to perform both groups of functions.

1. NPCC, Inc. to Conduct Regional Reliability Assurance Functions.

The NERC Functional Model, Version 3, clearly recognizes a set of Regional
Reliability Assurance functions; even if performed by the same entity performing RE
functions.16 Moreover, the NERC Functional Model has been revised to add an RRO
entity to the Functional Model recognizing that several standards are specifically written

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to this entity. As identified in the NERC Functional Model, the Regional Reliability Assurance function includes the following tasks:

1. Coordinate reliability assurance among adjacent Regions within an Interconnection through the development of necessary protocols and processes.
2. Coordinate the activities related to maintaining critical infrastructure protection.
3. Establish [regionally-specific] reliability assurance criteria related to planning and operations within the Region.
4. Develop and maintain a Regional Reliability Plan.
5. Perform both Regional transmission and Regional resource adequacy evaluations.
6. Perform evaluations of protection systems as they relate to the reliability of the Bulk [Power] System within the Region.
7. Participate in readiness [evaluations].
8. Perform disturbance analysis evaluations.

In addition to the proposed Regional Reliability Assurance functions under the NERC Functional Model, the establishment and enforcement of adequacy requirements should continue to reside with the RRO. The RE cannot receive authority from NERC or the Commission for adequacy. Furthermore, the FPA prohibits NERC or the Commission from ordering the construction of additional generation or transmission capacity or setting and enforcing compliance with standards for adequacy or safety of electric facilities. FPA § 215(h)(2). Authority for the establishment and enforcement of adequacy requirements comes from the State and Provincial governmental and/or regulatory authorities and therefore more correctly reside as functions performed by a RRO as opposed to ones performed by the RE.

2. Regionally-Specific Reliability Criteria are Good Utility Practice.

RROs should also continue to function as a regional site for technical expertise for enhanced reliability requirements. The activities performed by the RRO are intended to further enhance its members’ reliability while not conflicting with the functions

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17 Id. at 4.
18 Id. at 18-19.
delegated to the RE to enforce ERO standards. One way that this enhancement is accomplished by the RRO is through the adoption of regionally-specific criteria that are more stringent but not inconsistent with the ERO standards. In addition, many of NPCC Inc.’s members have included NPCC, Inc.’s Criteria and Guidelines in their own Tariffs and Agreements that are on file with the Commission and applicable Canadian Provincial governmental authorities.

Both the Commission’s NOPR and NERC’s petition acknowledge that considerable effort is needed to bring the present standards to the anticipated level of excellence. Additionally, FERC Staff observed that “it appears that much of the existing Bulk Power System is planned and operated in ways that may actually surpass the criteria specified in the existing standards.” Staff Preliminary Assessment at 3. One such example cited by Staff illustrating where NERC standards may be inadequate from a technical perspective is in the Transmission Planning standards. For Category B contingencies, some entities like NPCC Inc., have more stringent criteria that lead to higher reliability requirements than others and recognize that some single contingency events are not limited to single elements but may take out a groups of elements. Id. at 21.

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19 In its final rule on the ERO Certification the Commission stated that “As a general matter, we will accept the following two types of regional differences . . . (1) a regional difference that is more stringent than the continent-wide Reliability Standard, including a regional difference that addresses matters that the continent-wide Reliability Standard does not; and (2) a regional Reliability Standard that is necessitated by a physical difference in the Bulk-Power System.” Rules Concerning Certification of the Electric Reliability Organization: and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards, Order No. 672, 71 FR 8,662 (Feb. 17, 2006), FERC Stats. & Regs. Regulations Preambles ¶ 31, 204 at P291 (2006)(“Order No. 672”), order on reh ’g, Order No. 672-A, 114 FERC ¶ 61,328 (2006). In addition to the two regional differences cited by the Commission, there exist more stringent reliability requirements to meet the needs of the electric system within a given region developed by the RROs; these are termed Regional Criteria. The formulation of Reliability Criteria by the RROs is consistent with NERC’s Rules of Procedure NERC Rules of Procedure at 6, 20 (Nov. 29, 2006).

Eliminating the ability for regions to develop and propose new criteria that enhance system reliability would edge the system closer towards the lowest common denominator rather than striving towards operational excellence.\(^{21}\)

NPCC CBRE shares the Commission’s concern that continent-wide reliability standards should not represent the “lowest common denominator”. To that end, a continuing RRO function should be the development of regionally-specific, more stringent criteria where necessary for the assurance of regional reliability. In addition, in a parallel RE function, REs should seek approval through the NERC standards development process for inclusion of more stringent reliability requirements in the NERC Standards.

3. Other Reliability-Related Services.

There are several member services related functions intended to enhance reliability that should continue to be performed as RRO functions. For instance, NPCC Inc., in the capacity of an RRO, has in place a number of operational procedures that enhance the communication and coordination of numerous operational aspects of its members. Among these enhanced member services provided by NPCC Inc. are system operator workshops, forums for coordination of operations and planning, member reliability workshops, and operational readiness/preparedness conference calls.


The Commission staff cited as “fill-in-the blank” standards some 28 existing NERC Reliability Standards which have Regional Reliability Organizations as the

\(^{21}\) The Commission provided guidance on the factors it would consider when determining whether proposed Reliability Standards meet the statutory criteria. In order to be approved, a proposed Reliability Standard does not have to reflect the “best practice,” but it similarly cannot be a compromise based on the “lowest common denominator” Order No. 672 at P328-9.
responsible entity. The Commission proposes to direct the ERO to use its authority pursuant to § 39.2(d) of the FERC regulations to require users, owners, and operators to provide to the Regional Reliability Organizations the information related to data gathering, data maintenance, reliability assessments and other “process” type functions. However, in the long run, the Commission proposes to make the Regional Entities responsible, through delegation by the ERO, for the functions currently performed by the Regional Reliability Organizations. As part of this change, the Commission asserts that the delegation agreements to the Regional Entities should be modified to bind the Regional Entities to assume these duties and responsibility for noncompliance. NOPR at P57. Further, the Commission proposes to require that any Reliability Standard that references a Regional Reliability Organization as a compliance monitor be modified to refer to the ERO as the compliance monitor. Id. at P58.

NPCC CBRE is working with the other regions and NERC reviewing the 28 fill-in-the-blank standards. NPCC CBRE recommends that any of the 28 fill-in-the-blank standards that are required to be reliability standards should be developed as Regional Standards by the RE for compliance monitoring and enforcement backed by the Commission and Canadian Provincial regulatory and/or governmental authorities.

C. Requirements Applicable to Local Control Centers Should be Distinct from Requirements Applicable to Transmission and Generation Operators under the NERC Functional Model.

The Commission proposes that all local control centers and organizations that are necessary for the actual implementation of the operational decisions made by the ISO or RTO are part of the transmission or generation operator function in the functional model. NOPR at PP236-237. Furthermore, the Commission proposes that all requirements for
Reliability Standards that address such activities as telecommunication, training, operator certification, transmission operations, and cyber and physical security would also apply to local control centers. *Id.*

NPCC CBRE submits that there is a difference between being assigned to do a task and being responsible for the completion of that task. The NERC Functional Model clearly assigns the responsibility to perform certain Functions, and Tasks within those Functions, to particular Responsible Entities. An organization who registers with NERC as performing a Function is considered a Responsible Entity and must ensure that all Tasks are performed.\(^{22}\) It is clear that while an organization may delegate a Task to another organization, it may not delegate its responsibility for ensuring that the Task is accomplished. *Id.* A fundamental concept behind the Functional Model is that those that must make the decisions must be knowledgeable of the Reliability Standards and their requirements and should likewise be held responsible for the decisions they make. This decisional accountability is sufficient to ensure tasks are delegated only when necessary and to entities that can perform those delegated tasks. Requiring all entities to adopt processes to meet requirements aimed at those possessing decisional authority is inefficient in that it will require needless duplication of processes without the corresponding benefit to reliability.\(^{23}\) For instance, expanding PER-002-0, requiring that transmission operator and balancing authority personnel are adequately trained, beyond...

\(^{22}\) NERC Functional Model, Version 3 at 12.

\(^{23}\) Moreover, imposing the full spectrum of requirements on all entities regardless of their decisional authority could have unintended consequences. Order No. 2000 vested ultimate authority for specific functions, such as, transmission control, maintaining short term reliability and providing for a regional planning process in the RTO/ISOS. *See Regional Transmission Organizations,* Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 (1999), order on reh’g, Order No. 2000-A, 65 Fed. Reg. 12,088 (Mar. 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), aff’d sub nom. Pub. Util. Dist. No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 (D.C. Cir. 2001). Requiring all entities delegated some portion of these tasks, absent any decisional authority, to meet the same requirements as the RTO/ISO confuses the intent to vest ultimate authority for these functions in the RTO/ISO.
the entities identified under the NERC functional model (TOP, RC, and BA) will require substantial cost and time but add little value. First, there are no certification exams for any entities other than TOP, RC, and BA and to develop and implement such exams and have the additional personnel certified would take several years to implement. Second, these personnel already function under the authority of NERC-certified operators and act only at the direction of certified operators. An entity that does not exercise operational authority should not be subject to the same requirements as the decision maker.

D. NPCC CBRE Supports Individual Canadian Provincial Approval of Conditional, Remanded or Rejected Reliability Standards.

The Canadian Electric Association and Ontario Independent Electricity System Operator requested that the Commission affirm that it will seek to coordinate with governmental and/or regulatory authorities in Canada prior to any exercise of conditional approval, remand or rejection of a proposed Reliability Standard; and that each existing NERC standard will retain its present applicability until such time as the Commission approves it as a mandatory Reliability Standard. NOPR at P94. The Commission believes that NERC’s development of a coordination process, together with existing means of communication and coordination such as the U.S. – Canada Bilateral Electric Reliability Oversight Group, will provide the necessary mechanisms for international coordination. Id. at PP94-95.

NPCC CBRE supports the Commission’s decision not to remand any of the proposed NERC Standards. However, those 24 Reliability Standards that remain pending at the Commission, without remand, pose unique challenges to Regional Entities with an international membership.
NPCC CBRE agrees that a coordination mechanism must be established to provide forewarning to Canadian authorities should, in the future, a particular standard be approved with recommended enhancements, held, remanded or rejected by the Commission. This coordination is necessary to avoid inconsistencies in standards application. For instance, in the Canadian Province of Ontario, once a proposed reliability standard is approved by NERC it becomes enforceable in Ontario.²⁴ If that same Reliability Standard is not concurrently approved in the U.S., NPCC CBRE could be faced with administering an inconsistent set of standards. Coordination of more stringent, regionally-specific reliability criteria between the Eastern portion of Canada and the Northeastern U.S. has been and should continue to be the role of NPCC Inc. as the RRO for the Northeastern U.S. and Eastern Canada.

NPCC CBRE also firmly believes that where FERC suggests changes and additions to the proposed Reliability Standards that these alterations go through the full NERC standards approval process and then, if there are additional changes, be resubmitted to FERC for approval. It is possible that a change, no matter how trivial it may appear, could have significant effects on other standards. It is through the NERC Standards process that a revision to a proposed standard can be fully reviewed and commented on by the industry as a whole.

E. Standards Implementation Issues that the Industry Will Need to Address.

The Commission proposes to eliminate a formal trial period observing that entities that have complied with NERC’s standards on a voluntary basis should be

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familiar with the proposed mandatory Reliability Standards and what is required for compliance. NOPR at P92. NPCC CBRE essentially agrees with the Commission that there should be no trial period. However, if the definition of Bulk Power System is substantially altered such that the Mandatory Standards apply to a broad range of elements that have not traditionally been subject to NERC Reliability Standards, a transition period is appropriate that sufficiently permit entities to bring those elements into compliance. Furthermore, where standards have missing/incomplete compliance measures the Commission should make these standards mandatory so there are no “holes” in reliability objectives but not assess monetary penalties/sanctions for non-compliance with the requirements appearing in those standards.

Another implementation issue pertains to compliance measurement timing. For standards accepted for a June 2007 implementation that have an annual reporting requirement, the compliance cycle must correspondingly start on June 2007. Therefore, those standards that rely on data reporting back into the prior year should have an initial compliance measurement date of June 2008.

As a final point, NERC develops reliability standards that identify reliability objectives and goals. Identifying reliability objectives rather than specific implementations affords the greatest flexibility to tailor compliance processes to particular regional conditions. Recognizing this, as the Commission reviews these and future standards; NPCC CBRE urges the Commission to focus on the reliability objectives rather than any specific implementation employed to meet a reliability objective.
VI. CONCLUSION

For the foregoing reasons, NPCC CBRE respectfully requests that the Commission consider adopting the recommendations proposed by NPCC CBRE in its final rule and provide for a set of mandatory Reliability Standards that maintain the reliability of the Bulk Power System of North America and recognize and continue to promote the important and necessary distinct functional roles that the RROs and REs play in assuring reliability of the international bulk power system.

Respectfully submitted,

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Dated: January 3, 2007