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Compliance Bulletin

March 24, 2020

NPCC publishes compliance bulletins as a means to engage and inform NPCC entities on aspects of Bulk Power System security, reliability, and compliance.

Targeted Outreach on Non-Compliance Trends

In February 2020, NPCC reached out to the entities on the 2020 off-site Operations & Planning (O&P) Compliance Monitoring schedule to explain recent noncompliance trends associated with O&P Reliability Standards requirements. There is a potential that an aggregated risk to the Bulk Power System (BPS) exists when multiple registered entities have similar noncompliance of the same or similar Reliability Standard requirement. These trends are based on noncompliance information from 2017, 2018, and 2019.

In an effort to ensure that a possible noncompliance is discovered earlier and to reduce the duration of the aggregated risk to the BPS, NPCC recommended that those entities perform self-assessments prior to their scheduled 2020 audit. NPCC also recommends that all entities, regardless of the posted monitoring schedule, review these trends to perform self-assessments. The discovery of these possible noncompliance at an earlier point in time will enhance the reliability and security of the BPS because mitigation actions will start earlier than they otherwise would have, thereby reducing the duration of the potential aggregated risk to the BPS.

The common aspects of the most violated O&P Reliability Standard requirements in NPCC are:

MOD-025-2, R1 and R2

Root Cause: Several MOD-025-2 noncompliance were due to a lack of mature internal controls to ensure that MOD-025 Real and Reactive tests were completed within the prescribed timeline of the Implementation Plan for MOD-025-2. Specific control issues to be aware of are:

- Making incorrect assumptions on how to calculate the percent complete for each deadline in the MOD-025 Implementation Plan. The percent calculation is to be by registered entity according to the NERC Compliance Registry (NCR), not by parent company nor by Interconnection. As of July 1, 2019, all real and reactive tests should be completed, but this concept also applies to other Reliability Standards with phased-in Implementation Plans.
- Waiting too long to schedule the Real/Reactive testing with the Transmission Planner (TP)/RTO/ISO.
- Providing the results to the TP/RTO/ISO on a form developed by the TP/RTO/ISO that did not contain all of the data fields in Attachment 2 of the Reliability Standard.
- Not submitting the completed test results to the TP within 90 days.
- Entities should have controls in place to ensure real and reactive tests are re-performed every five (5) years or when there is a 10% or more change in real or reactive capability as described in MOD-025 Attachment 1.

PRC-019-2, R1

Root Cause: Several PRC-019-2 R1 noncompliances were due to a lack of mature internal controls to ensure evaluations were completed within the prescribed timelines of the Implementation Plan of PRC-019. Specific control issues to be aware of are:

- Making incorrect assumptions on how to calculate the verification percent complete for each deadline in the PRC-019 Implementation Plan.
- Failing to perform an assessment of records and/or assuming and not verifying compliance with the Standard; not seeking assistance with PRC-019 evaluations in a timely fashion prior to the effective date of the Standard.
- Failing to understand an actual verification was necessary and instead using manufacturer data.
- Failing to produce documentation showing verification of proper coordination on the required percent of Facilities by the required dates in the staggered Implementation Plan.
- Unforeseen long lead-times associated with securing the services of an engineering consultant to perform coordination of voltage regulating system controls as well as the complexity of required activities.
- Completing the verification steps within the timeline of the PRC-019 Implementation Plan which resulted in the entity becoming aware of improper settings but failing to adjust the settings within 90 days of becoming aware.

PRC-024-2 R1, R2

Root Cause: Several PRC-024-2 R1 and R2 noncompliances were due to a lack of mature internal controls to ensure PRC-024 verifications were completed within the prescribed timeline in the Implementation Plan for PRC-024-2. Specific control issues to be aware of are:

- Making incorrect assumptions on how to calculate the percent complete for each deadline in the PRC-024 Implementation Plan.
- Failing to meet the percent deadline in the PRC-024 Implementation Plan for verifying R1 frequency settings.
- Failing to meet the percent deadline in the PRC-024 Implementation Plan for verifying the R2 voltage settings.
- Making incorrect assumptions on what an “applicable Facility” is and then calculating the percent complete incorrectly for R1 and R2.

PRC-005-6 R3

Root Cause: Several PRC-005-6 R3 noncompliance were due to a lack of mature internal controls to ensure the PRC-005 time-based maintenance activities were completed in accordance with the intervals prescribed within the standard and/or the Implementation Plan for PRC-005-6. Specific control issues to be aware of are:

- Failing to calculate the completed percent of maintenance correctly as described in the PRC-005-2/6 Implementation Plan.
- Failing to have an adequate internal manual tracking system and scheduling processes. There were many cases of missed battery deadlines due to this.
- Failing to compile a comprehensive list of every single protection system component due to newly implemented tracking sheets that were not accurate.
- Failing to properly communicate its updated list of components and expectations to implement the entity’s NERC Protection Systems Maintenance Program to the maintenance staff.
- For Protection System components that the entity chose to delay entry into the periodicity’s required by PRC-005-2/6, failing to meet the maintenance cycle that was previously established

in the outgoing PRC-005-1b program for those components. (Due to misunderstanding the need to continue the established cycle and/or due to poor record keeping in the outgoing program.)

FAC-008-3, R6

Root Cause: Several FAC-008-3, R6 noncompliance were due to a lack of mature internal controls to ensure that Facility Ratings were calculated and implemented in accordance with the registered entity's documented Facility Rating methodology. Specific control issues to be aware of are:

- Failing to consider all series components, which were limiting, during the establishment of the overall Facility Rating.
- Failing to consider substation components that could limit the overall Facility Rating.
- Inputting erroneous data into a tool or ratings database.
- Failure to verify changes to the rating of any piece of equipment that was part of the overall Facility Rating (i.e. one person can change an Equipment Rating without peer/manager review.)
- Failure to verify whether the actual completed work on a Facility matched the planned work/design of the Facility. (Engineering and Operations/Planning coordination).
- Having separate documented Facility Ratings Methodologies for different operating areas of the entity that were not reviewed for consistency and correctness when the Standard became effective in 2007.
- Failure to have a change management process for capital and emergency work that impact Facilities.
- Complex computer application for calculating Real-time Facility Ratings based on ambient temperature, recent load, and other factors had incorrect information on the most limiting series component.
- Failure to have a process to verify/review Facility Ratings within a specific timeframe.
- Failure to document a formal process to train people on the Facility Ratings methodology and the communications of Facility Ratings, once they are determined.