NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Standards Authorization Request Form

NERC welcomes suggestions to improve the reliability of the bulk power system through improved reliability standards. Please use this form to submit your request to propose a new or a revision to a NERC's Reliability Standard.

Request to propose a new or a revision to a Reliability Standard			
Title of Proposed Standard:	Retirement of Reliability Standard Requirements		
Date Submitted:	June 29, 2012		
SAR Requester Information			
Name:	Brian J. Murphy on behalf of the following:		
Organization:	Edison Electric Institute, American Public Power Association, National Rural Electric Cooperative Association, Large Public Power Council, Electricity Consumers Resource Council, The Electric Power Supply Association, Transmission Access Policy Study Group, the North American Electric Reliability Corporation, and the Regional Entity Management Group		
Telephone:	305-442-5132		
SAR Type (Check as many as applicable)			
☐ New Standard		☒ Withdrawal of existing Standard	
☒ Revision to existing Standard		☐ Urgent Action	

SAR Information
Industry Need (What is the industry problem this request is trying to solve?):
On March 15, 2012, the Federal Energy Regulatory Commission (FERC) issued an order on NERC's Find, Fix and Track process that stated: "The Commission notes that NERC's FFT initiative is predicated on the view that many violations of requirements currently included in Reliability Standards pose lesser

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risk to the Bulk-Power System. If so, some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program. If NERC believes that specific Reliability Standards or specific requirements within certain Standards should be revised or removed, we invite NERC to make specific proposals to the Commission identifying the Standards or requirements and setting forth in detail the technical basis for its belief. In addition, or in the alternative, we invite NERC, the Regional Entities and other interested entities to propose appropriate mechanisms to identify and remove from the Commission-approved Reliability Standards unnecessary or redundant requirements. We will not impose a deadline on when these comments should be submitted, but ask that to the extent such comments are submitted NERC, the Regional Entities, and interested entities coordinate to submit their respective comments concurrently."

North American Electric Reliability Corporation, 138 FERC ¶ 61,193 at p 81 (March 15, 2012) ("P81").

Consistent with P81, the problem this SAR is resolving is to identify Reliability Standards requirements that either: (a) provide little protection to the BPS;[1] (b) are unnecessary or (c) are redundant; and, thereafter, to have NERC file the identified Reliability Standard requirements with FERC to have them removed from the FERC-approved list of Reliability Standards.

In addition to addressing P81, this SAR is also consistent with Recommendation #4 set forth in *NERC's Recommendations to Improve The Standards Development Process* at page 12 (April 2012), which states:

> **Recommendation 4: Standards Product Issues** — The NERC board is encouraged to require that the standards development process address: . . . The retirement of standards no longer needed to meet an adequate level of reliability.

[1] Given NERC's Reliability Standards are based on the definition of a Bulk Electric System (BES), the remainder of this SAR will use the term BES rather than Bulk Power System or BPS.

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Purpose or Goal (How does this request propose to address the problem described above?):
The SAR addresses the problem identified above by: (1) Setting forth specific criteria (below) to evaluate whether a Reliability Standard requirement provides little protection to BES reliability or is unnecessary or redundant. (2) Establishing a multi-phased process for addressing these Reliability Standard requirements. During the Initial Phase, the Standards Drafting Team will identify those Reliability Standard requirements that easily satisfy the criteria and either recommend: (a) the retirement of the requirement[2] or (b) a modification to the requirement,[3] while future phases will identify the remaining Reliability Standard requirements that satisfy the criteria, but could not be included in the Initial Phase due to the need for additional analysis or a modification of language. This multi-phased approach is also proposed to address FERC's interest in increasing the efficiency of the ERO compliance program, so that the first set of identified Reliability Standard requirements may be filed with FERC on an expedited basis, and, therefore, start increasing ERO efficiencies as soon as practical. (3) To facilitate the Initial Phase of the Standard Drafting Team's process, a list of Reliability Standard requirements that appear to easily satisfy the criteria are set forth below. (4) During each phase, as a list of Reliability Standard requirements is identified and passes through the Standards Development Process, the Standards Drafting Team[4] will also assist NERC staff to file these requirements with FERC so the requirements are removed from the FERC-approved list, including providing additional technical justification, as needed.

[2] The Standards Drafting Team will work with NERC staff to determine the manner to eliminate the identified Reliability Standards requirements.

[3] Given the expedited nature of the Initial Phase, it is unlikely there will be a large number of modifications considered, and the Standards Drafting Team may decide to defer all requested modifications to subsequent phases.

[4] While this SAR applies to all phases of the P81 project, it is understood that the composition of the Standard Drafting Team may need to change or be supplemented in subsequent phases depending on the technical expertise required.

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Identify the Objectives of the proposed standard's requirements (What specific reliability deliverables are required to achieve the goal?):
The objectives of this SAR for all phases of this project are to retire or modify FERC-approved Reliability Standard requirements that provide little protection to the reliable operations of the BES, are redundant or unnecessary, or to retire or modify a FERC-approved Reliability Standard requirement to increase the efficiency of the ERO's compliance programs.
Brief Description (Provide a paragraph that describes the scope of this standard action.)
The scope of this SAR is all FERC-approved Reliability Standards.
Detailed Description (Provide a description of the proposed project with sufficient details for the standard drafting team to execute the SAR. Also provide a justification for the development or revision of the standard, including an assessment of the reliability and market interface impacts of implementing or not implementing the standard action.)
The Standard Drafting Team shall implement a phased process. The Initial Phase shall identify all FERC-approved Reliability Standard requirements that easily satisfy the criteria set forth below, while future phases shall identify FERC-approved Reliability Standard requirements that satisfy the criteria set forth below, but could not be included in the Initial Phase due to the need for additional analysis or an editing of language. During each phase the Standards Drafting Team shall identify Reliability Standard requirements that satisfy **both**: (A) the overarching criteria and (B) at least one of the technical criteria. In addition, for all phases, the Standards Drafting Team shall also consider the data and reference points set forth below in Criterion C when deciding whether a Reliability Standard requirement should be retired or modified. **A. Overarching Criterion:** In the event no responsible entity performed the FERC-approved Reliability Standard requirement, there would be little or no impact to the protection or reliable operation of the BES. Section 215(a)(4) of the Federal Power Act defines "reliable operation" as: "… operating the elements of the bulk-power system within equipment and electric system thermal, voltage, and stability limits so that instability, uncontrolled separation, or cascading failures of such system will not occur as a result of a sudden disturbance, including a cybersecurity incident, or unanticipated failure of system elements."

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B. Technical Criteria:

1. Administrative

The Reliability Standard requirement requires responsible entities to perform a function that is administrative in nature, does not support reliability and is needlessly burdensome.

2. Data Collection/Data Retention

The Reliability Standard requirement requires responsible entities to collect or retain data and does not contribute to: (a) the reliable operation of the BES or (b) an effective compliance enforcement processes. These are requirements that obligate responsible entities to retain data which document prior events or activities, and should be collected via some other method under NERC's rules and processes or addressed in the data retention sections of Reliability Standards.

3. Purely Documentation

The Reliability Standard requirement requires responsible entities to develop a document (*e.g.,* plan, policy or procedure) which is not necessary to protect BES reliability.

4. Purely Reporting

The Reliability Standard requirement obligates responsible entities to report out to a Regional Entity, NERC or another party or entity. These are requirements that obligate responsible entities to report to a Regional Entity on activities which have no discernable impact on promoting reliable operation of the BES and if the entity failed to meet this requirement it would have little impact on the reliable operation of the BES.

5. Periodic Updates

The Reliability Standard requirement requires responsible entities to periodically update (*e.g.,* annually) documentation, such as a plan, procedure or policy without an operational benefit to reliability.

6. Commercial or Business Practice

The Reliability Standard requirement is a commercial or business practice, *e.g.,* better served as a

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NAESB standard or as part of NAESB Electric Industry Registry (EIR). **7. Redundant** The Reliability Standard requirement is redundant with either another Reliability Standard requirement or governmental regulation (*e.g.,* Open Access Transmission Tariff, NAESB, etc.). **8. Hinders the protection or reliable operation of the BES** The Reliability Standard requirement requires responsible entities to conduct an activity or task that hinders, distracts or is counterproductive to the protection or reliable operation of the BES. **9. Little, if any, value as a reliability requirement** The tasks or activities in the Reliability Standard requirement do little, if anything, to promote the protection the BES. **C. Additional data and reference points** In those instances when there is the need for additional information to assist in the determination of whether a Reliability Standard requirement satisfies both Criteria A and B, the Standards Drafting Team shall consider the following data and reference points to make a more informed decision: 1. Was the Reliability Standard requirement part of a Find, Fix and Track filing? 2. Is the Reliability Standard requirement being reviewed in an on-going Standards Development Project? 3. What is the Violation Risk Factor of the Reliability Standard requirement? 4. In which tier of the Actively Monitored Standards does the Reliability Standard requirement fall? 5. Any negative impact on NERC's published and posted reliability principles?

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6. Any negative impact on the defense in depth protection of the BES?

7. Does the retirement or modification promote results or performance-based Reliability Standards?

To facilitate the Standard Drafting Team's consideration of the above questions, NERC staff will provide the team with relevant known data and statistics.

To facilitate the Standard Drafting Team's Initial Phase, below is a list of Reliability Standard requirements that appear to satisfy both Criteria A and B, with consideration of Criterion C. To assist the Team's review of these requirements, Criterion B coding is provided, along with a brief statement explaining why the requirement provides little protection to the BES, is unnecessary or is redundant.

List of Phase One Reliability Standard requirements that satisfy both Criteria A and B, with consideration of Criterion C

To be retired:

BAL-005-0.1b R2

Each Balancing Authority shall maintain Regulating Reserve that can be controlled by AGC to meet the Control Performance Standard.

Criterion B 7.

Statement: BAL-005-0.1b is redundant with the Control Performance Standard defined in BAL-001 R1 and R2. This is also redundant in that it is measured by whether or not BAL-001 R1 and R2 are met.

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Conclusion: This is redundant with the Control Performance Standard defined in BAL-001 R1 and R2. This is also redundant in that it is measured by whether or not BAL-001 R1 and R2 are met. This may be double jeopardy in that failure to achieve compliance with BAL-001 R1 and R2 could imply failure of this standard as well. This is misleading in requiring entities to maintain Regulating Reserve, but providing no way to measurably comply, apart from achieving compliance with BAL-001 R1 and R2. **CIP-001-2a R4.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. Criterion B 1, 2, 3, 8 and 9. **Statement:** CIP-001-2a is administrative, documentation and data collection in nature, because the establishment of communication contacts, in and of itself, with the FBI and RCMP has little or no impact on protection or the reliable operation of the BES. Instead, compliance with R1-R3 of CIP-001-2a provides the actions that responsible entities take to protect the BES in the event of sabotage. Specifically, R1 through R3 require that the Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity to have procedures for the recognition of sabotage, reporting of sabotage and communication of sabotage events to appropriate parties in the Interconnection, which may include local law enforcement, the FBI, etc. Thus, in CIP-001-2a, R1 through R3 serve a reliability function, while R4 is a static, administrative requirement that has no clear results-based nexus to protecting the Bulk Electric System (BES). **Conclusion**: Since this requirement provides little protection to the BES and is administrative in nature, Requirement 4 should be removed from Reliability Standard CIP-001-2a. **CIP-003-3, -4 R1.2** The cyber security policy is readily available to all personnel who have access to, or are responsible for, Critical Cyber Assets.

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Criterion B 1.

Statement: Whether there is a robust CIP compliance plan on which employees are trained may impact reliability, not whether the cyber security policy is readily available. Employees that are responsible for executing the cyber security policy are required to undergo a variety of training, follow multiple processes and procedures that are already required by the CIP requirements. Simply requiring that the policy be readily available is an administrative task that provides little, if any, benefit to reliability of the BES.

Conclusion: Since this requirement provides little protection to the BES and is purely administrative in nature, Requirement 1.2 should be removed from Reliability Standards CIP-003-3 and CIP-003-4.

CIP-003-3, -4 R3, R3.1, R3.2, R3.3

R3 Exceptions – Instances where the Responsible Entity cannot conform to its cyber security policy must be documented as exceptions and authorized by the senior manager or delegate(s).

R3.1 Exceptions to the Responsible Entity's cyber security policy must be documented within thirty days of being approved by the senior manager or delegate(s).

R3.2 Documented exceptions to the cyber security policy must include an explanation as to why the exception is necessary and any compensating measures.

R3.3 Authorized exceptions to the cyber security policy must be reviewed and approved annually by the senior manager or delegate(s) to ensure the exceptions are still required and valid. Such review and approval shall be documented.

Criterion B 1, 3 and 8.

Statement: Over time, these exception requirements have proven to not be useful and have been

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subject to misinterpretation, including responsible entities believing they can exempt themselves from compliance with the CIP requirements. **Conclusion:** For regulatory efficiency, since these requirements provide little protection to the BES and are open to misinterpretation, in addition to being entirely documentation, Requirement 3 and its subrequirements should be removed from Reliability Standard CIP-003-3 and CIP-003-4. **CIP-003-3, -4 R4.2.** The Responsible Entity shall classify information to be protected under this program based on the sensitivity of the Critical Cyber Asset information. Criterion B 1, 3 and 7. **Statement:** CIP-003-3, -4 already requires the classification of information associated with Critical Cyber Assets, which makes R4.2 redundant. The only difference in R4.2 is the term, "based on the sensitivity" has been added. The addition of this term can be viewed as overly managing the responsible entities' process of classification or simply not adding sufficient value to reliability to require new requirement over and above R4. **Conclusion:** Since these requirements are redundant and provide little protection to the BES, Requirement 4.2 should be removed from both Reliability Standards CIP-003-3 and CIP-003-4. **CIP-005-3a, -4a R2.6.** Appropriate Use Banner -- Where technically feasible, electronic access control devices shall display an appropriate use banner on the user screen upon all interactive access attempts. The Responsible Entity shall maintain a document identifying the content of the banner. Criterion B 1, 3, 8 and 9.

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Statement: Over time, the banner requirement (or no trespass sign) has not been shown to be useful or consistent with a results-based approach to implementing a cyber security program. Additionally, it is administrative in nature.

Conclusion: Since this requirement provides little protection to the BES and is purely administrative in nature, Requirement R2 should be removed from Reliability Standards CIP-005-3a and CIP-005-4.

CIP-007-3, -4 R7.3

The Responsible Entity shall maintain records that such assets were disposed of or redeployed in accordance with documented procedures.

Criterion B 2.

Statement: CIP-007-3, -4 R7.3 is evidence collection and possible for inclusion in an RSAW.

Conclusion: Since this requirement provides little protection to the BES and is data collection in nature, it should be removed from CIP-007-3, -4.

COM-001-1.1 R6.

Each NERCNet User Organization shall adhere to the requirements in Attachment 1-COM-001-0, "NERCNet Security Policy."

Criterion B 6.

Statement: Whether the entity has a robust up-to-date CIP compliance plan may impact reliability, but not whether it employs a specific business practice such as the NERCNet. NOTE: This requirement is proposed for removal per Project 2006-06 (Reliability Coordination) with the rationale: "The RC SDT is recommending that R6 be retired. This is an ERO procedural issue and should not be in a reliability standard. It should be included in the ERO Rules of Procedure."

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Conclusion: Since this requirement provides little protection to the BES and is more appropriate as a Commercial and Business Practice, Requirement 6 should be removed from Reliability Standard COM-001-1.1.

EOP-004-1 R1.

Each Regional Reliability Organization shall establish and maintain a Regional reporting procedure to facilitate preparation of preliminary and final disturbance reports.

Criterion B 1, 3 and 4.

Statement: Whether or not there is a Regional Entity procedure to report disturbances has no impact on reliability. In other words, while a procedure for the collection of reports on disturbances may be useful information for purposes of Regional Entities to stay informed during events, is not an activity that protects the reliability of BES. The collection of such information should be established outside mandatory Reliability Standards.

Conclusion: Since this requirement provides little protection to the BES and is purely documentation, Requirement 1 should be removed from Reliability Standard EOP-004-1.

EOP-005-2 R3.1.

If there are no changes to the previously submitted restoration plan, the Transmission Operator shall confirm annually on a predetermined schedule to its Reliability Coordinator that it has reviewed its restoration plan and no changes were necessary.

Criterion B 1, 5, 7 and 9.

Statement: EOP-005-2 R3 reads: "Each Transmission Operator shall review its restoration plan and submit it to its Reliability Coordinator annually on a mutually agreed predetermined schedule." This requirement requires the Transmission Operator to submit its restoration plan to the Reliability

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Coordinator whether or not there have been changes. Therefore, R3.1 only adds a duplicative administrative burden for the entity to also confirm that there were no changes based upon another possible pre-determined schedule. Whether or not there was a change from year to year in the restoration plan will be documented in the revision history of the restoration plan, and thus the Reliability Coordinator will be able to ascertain whether or not there were changes based on R3. Thus, EOP-005-2 R3.1 provides little, if any, value to promoting the protection of the BES. **Conclusion:** For regulatory efficiency, and since this requirement appears redundant to R3, Requirement 3.1 should be removed from Reliability Standard EOP-005-2. **EOP-009-0 R2.** The Generator Owner or Generator Operator shall provide documentation of the test results of the startup and operation of each blackstart generating unit to the Regional Reliability Organizations and upon request to NERC. Criterion B 4. **Statement:** The requirement to report blackstart test results to the Regional Entity and NERC has no impact on reliability. If the Regional Entity desires to review or track this information, a better vehicle to obtain it is via a Compliance Audit or Spot-Check, or some other compliance monitoring procedure. **Conclusion:** For regulatory efficiency and since this requirement is purely a reporting activity, Requirement 2 should be removed from Reliability Standard EOP-009-0. **FAC-002-1 R2.** The Planning Authority, Transmission Planner, Generator Owner, Transmission Owner, Load-Serving Entity, and Distribution Provider shall each retain its documentation (of its evaluation of the reliability impact of the new facilities and their connections on the interconnected transmission systems) for three years and shall provide the documentation to the Regional Reliability Organization(s) and NERC on request (within 30 calendar days).

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Criterion B 2, 3 and 4.

Statement: Requiring the retention of studies for three years has no impact on protecting or the reliable operation of the BES, and is merely a data retention requirement that is better suited to be considered during an audit or in the context of compliance monitoring.

Conclusion: Since this requirement provides little protection to the BES and is purely data collection/retention, Requirement 2 should be removed from Reliability Standard FAC-002-1.

FAC-008-1 R1.3.5.

Other assumptions.

Criterion B 8.

Statement: The term “other assumptions" in the context of facility ratings is very close to meaningless from a technical standpoint, generic and, therefore, yields no protection of the BES.

Conclusion: Since this requirement provides little or no protection to the BES and is unnecessary, Requirement 1.3.5 should be removed from Reliability Standard FAC-008-1.

FAC-008-1 R2; FAC-008-1 R3; FAC-008-3 R4; FAC-008-3 R5

FAC-008-1 R2 The Transmission Owner and Generator Owner shall each make its Facility Ratings Methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of receipt of a request.

FAC-008-1 R3 If a Reliability Coordinator, Transmission Operator, Transmission Planner, or Planning Authority provides written comments on its technical review of a Transmission Owner’s or Generator Owner’s Facility Ratings Methodology, the Transmission Owner or Generator Owner shall provide a

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written response to that commenting entity within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings Methodology and, if no change will be made to that Facility Ratings Methodology, the reason why. FAC-008-3 R4 Each Transmission Owner shall make its Facility Ratings methodology and each Generator Owner shall each make its documentation for determining its Facility Ratings and its Facility Ratings methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners and Planning Coordinators that have responsibility for the area in which the associated Facilities are located, within 21 calendar days of receipt of a request. FAC-008-3 R5 If a Reliability Coordinator, Transmission Operator, Transmission Planner or Planning Coordinator provides documented comments on its technical review of a Transmission Owner's Facility Ratings methodology or Generator Owner's documentation for determining its Facility Ratings and its Facility Rating methodology, the Transmission Owner or Generator Owner shall provide a response to that commenting entity within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings methodology and, if no change will be made to that Facility Ratings methodology, the reason why. Criterion B 1, 2, 4 and 6. **Statement:** For purposes of reliability, facility ratings are transmitted and used via the FAC (System Operating Limits), MOD and TPL Standards,[5] and posting the rating methodology for comment and responding to comments in and of itself has no reliability benefit. Furthermore, these requirements do not appear appropriate given the possible commercial or market related implications of sharing and debating with a competitor the facility ratings methodology of a facility.

[5] MOD-001-1a R9, MOD-028-1 R2.3; MOD-029-1a R2.1; MOD-030-02 R3.1, PRC-023-2, Attachment A 2.7; TPL-001-0.1 Footnote a; TPL-002-1b, footnotes a and b; TPL-003-0a, footnote a and TPL-004-0, footnote a. Also, via FAC-011-2 the System Operating Limits methodology of Reliability Coordinator may also use facility ratings as a key element. Also, FAC-008-3 R7 and R8 require the transmission of facility ratings to reliability entities.

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Conclusion: For regulatory efficiency and possible commercial or market implications in sharing the facility ratings, and since these requirements are purely administrative in nature along with reporting activities, Requirements R2 and R3 of Reliability Standard FAC-008-1 and Requirements 4 and 5 of Reliability Standard FAC-008-3 should be removed from the Standards. **FAC-013-2 R3** If a recipient of the Transfer Capability methodology provides documented concerns with the methodology, the Planning Coordinator shall provide a documented response to that recipient within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Transfer Capability methodology and, if no change will be made to that Transfer Capability methodology, the reason why. Criterion B 1, 2, 4 and 6. **Statement:** Similar to the concerns with FAC-008, the FAC-013-2 requirement to reply to comments on a transfer capability methodology has no reliability benefit, and, moreover, a back and forward on transfer capability could have commercial or market implications. **Conclusion:** For regulatory efficiency and possible commercial or market implications in sharing transfer capability methodology, and since these requirements are purely administrative in nature along with reporting activities, Requirement R3 of Reliability Standard FAC-013-2 should be removed from the Standards. **INT-007-1 R1.2** All reliability entities involved in the Arranged Interchange are currently in the NERC registry. Criterion B 1 **Statement:** INT-007-1, R1.2 is administrative in nature, and adds little to reliability.

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Conclusion: Since INT-007-1 R1.2 provides little protection to the BES, it should be removed. **IRO-016-1 R2** The Reliability Coordinator shall document (via operator logs or other data sources) its actions taken for either the event or for the disagreement on the problem(s) or for both. Criterion B 2. **Statement:** IRO-016-1 R2 is an evidence requirement. Candidate to go into RSAW. **Conclusion:** Since IRO-016-1 R2 provides little protection to the BES and is data collection in nature, it should be removed. **MOD-004-1 R1; MOD-004-1 R1.1; MOD-004-1 R1.2; MOD-004-1 R1.3; MOD-004-1 R2; MOD-004-1 R3; MOD-004-1 R3.1; MOD-004-1 R3.2; MOD-004-1 R4; MOD-004-1 R4.1; MOD-004-1 R4.2; MOD-004-1 R5; MOD-004-1 R5.1; MOD-004-1 R5.2; MOD-004-1 R6; MOD-004-1 R6.1; MOD-004-1 R6.2; MOD-004-1 R7; MOD-004-1 R8; MOD-004-1 R9; MOD-004-1 R9.1; MOD-004-1 R9.2; MOD-004-1 R10; MOD-004-1 R11; MOD-004-1 R12; MOD-004-1 R12.1; MOD-004-1 R12.2; MOD-004-1 R12.3.** R1 The Transmission Service Provider that maintains CBM shall prepare and keep current a "Capacity Benefit Margin Implementation Document" (CBMID) that includes, at a minimum, the following information: [Time Horizon: Operations Planning, Long-term Planning] R1.1 The process through which a Load-Serving Entity within a Balancing Authority Area associated with the Transmission Service Provider, or the Resource Planner associated with that Balancing Authority Area, may ensure that its need for Transmission capacity to be set aside as CBM will be reviewed and accommodated by the Transmission Service Provider to the extent Transmission capacity is available. R1.2 The procedure and assumptions for establishing CBM for each Available Transfer Capability (ATC)

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Path or Flowgate. R1.3 The procedure for a Load-Serving Entity or Balancing Authority to use Transmission capacity set aside as CBM, including the manner in which the Transmission Service Provider will manage situations where the requested use of CBM exceeds the amount of CBM available. R2 The Transmission Service Provider that maintains CBM shall make available its current CBMID to the Transmission Operators, Transmission Service Providers, Reliability Coordinators, Transmission Planners, Resource Planners, and Planning Coordinators that are within or adjacent to the Transmission Service Provider's area, and to the Load Serving Entities and Balancing Authorities within the Transmission Service Provider's area, and notify those entities of any changes to the CBMID prior to the effective date of the change. [Time Horizon: Operations Planning] R3 Each Load-Serving Entity determining the need for Transmission capacity to be set aside as CBM for imports into a Balancing Authority Area shall determine that need by: [Time Horizon: Operations Planning] R3.1 Using one or more of the following to determine the GCIR: Loss of Load Expectation (LOLE) studies Loss of Load Probability (LOLP) studies Deterministic risk-analysis studies Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities R3.2 Identifying expected import path(s) or source region(s). R4 Each Resource Planner determining the need for Transmission capacity to be set aside as CBM for imports into a Balancing Authority Area shall determine that need by: [Time Horizon: Operations Planning]

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R4.1 Using one or more of the following to determine the GCIR: Loss of Load Expectation (LOLE) studies Loss of Load Probability (LOLP) studies Deterministic risk-analysis studies Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities R4.2 Identifying expected import path(s) or source region(s). R5 At least every 13 months, the Transmission Service Provider that maintains CBM shall establish a CBM value for each ATC Path or Flowgate to be used for ATC or Available Flowgate Capability (AFC) calculations during the 13 full calendar months (months 2-14) following the current month (the month in which the Transmission Service Provider is establishing the CBM values). This value shall: [Time Horizon: Operations Planning] R5.1 Reflect consideration of each of the following if available: Any studies (as described in R3.1) performed by Load-Serving Entities for loads within the Transmission Service Provider's area Any studies (as described in R4.1) performed by Resource Planners for loads within the Transmission Service Provider's area Any reserve margin or resource adequacy requirements for loads within the Transmission Service Provider's area established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities R5.2 Be allocated as follows: For ATC Paths, based on the expected import paths or source regions provided by Load-Serving Entities or Resource Planners

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For Flowgates, based on the expected import paths or source regions provided by Load-Serving Entities or Resource Planners and the distribution factors associated with those paths or regions, as determined by the Transmission Service Provider R6 At least every 13 months, the Transmission Planner shall establish a CBM value for each ATC Path or Flowgate to be used in planning during each of the full calendar years two through ten following the current year (the year in which the Transmission Planner is establishing the CBM values). This value shall: [Time Horizon: Long-term Planning] R6.1 Reflect consideration of each of the following if available: Any studies (as described in R3.1) performed by Load-Serving Entities for loads within the Transmission Planner's area Any studies (as described in R4.1) performed by Resource Planners for loads within the Transmission Planner's area Any reserve margin or resource adequacy requirements for loads within the Transmission Planner's area established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities R6.2 Be allocated as follows: For ATC Paths, based on the expected import paths or source regions provided by Load-Serving Entities or Resource Planners For Flowgates, based on the expected import paths or source regions provided by Load-Serving Entities or Resource Planners and the distribution factors associated with those paths or regions, as determined by the Transmission Planner. R7 Less than 31 calendar days after the establishment of CBM, the Transmission Service Provider that maintains CBM shall notify all the Load-Serving Entities and Resource Planners that determined they had a need for CBM on the Transmission Service Provider's system of the amount of CBM set aside. [Time Horizon: Operations Planning]

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R8 Less than 31 calendar days after the establishment of CBM, the Transmission Planner shall notify all the Load-Serving Entities and Resource Planners that determined they had a need for CBM on the system being planned by the Transmission Planner of the amount of CBM set aside. [Time Horizon: Operations Planning] R9 The Transmission Service Provider that maintains CBM and the Transmission Planner shall each provide (subject to confidentiality and security requirements) copies of the applicable supporting data, including any models, used for determining CBM or allocating CBM over each ATC Path or Flowgate to the following: [Time Horizon: Operations Planning, Long-term Planning] R9.1 Each of its associated Transmission Operators within 30 calendar days of their making a request for the data. R9.2 To any Transmission Service Provider, Reliability Coordinator, Transmission Planner, Resource Planner, or Planning Coordinator within 30 calendar days of their making a request for the data. R10 The Load-Serving Entity or Balancing Authority shall request to import energy over firm Transfer Capability set aside as CBM only when experiencing a declared NERC Energy Emergency Alert (EEA) 2 or higher. [Time Horizon: Same-day Operations] R11 When reviewing an Arranged Interchange using CBM, all Balancing Authorities and Transmission Service Providers shall waive, within the bounds of reliable operation, any Real-time timing and ramping requirements. [Time Horizon: Same-day Operations] R12 The Transmission Service Provider that maintains CBM shall approve, within the bounds of reliable operation, any Arranged Interchange using CBM that is submitted by an “energy deficient entity ” under an EEA 2 if: [Time Horizon: Same-day Operations] R12.1 The CBM is available

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R12.2 The EEA 2 is declared within the Balancing Authority Area of the "energy deficient entity," and R12.3 The Load of the "energy deficient entity" is located within the Transmission Service Provider's area. Criterion B 6. **Statement:** Capacity Benefit Margin (CBM) is better integrated in marketing functions and is not a reliability function. In the NERC TOP-002 Operations Planning Standard, Requirement R1 specifies that the Transmission Operator shall have an Operating Planning Analysis that represents projected System conditions to assess planned operation for the next day that do not exceed Facility Ratings or Stability Limits for anticipated normal and contingency events. Further, the CBM standard is redundant to the TOP-002 R1 where the marketer would schedule their transmission reserve within the limits established by the Transmission Operator. The Transmission Operator ensures that the established reserve along with other identified schedules are modeled to anticipate next-day conditions and remain within established operating limits. In addition, this Standard is not necessary for the support of BES reliability as evidenced by the fact that of the entities that once used CBM, many dropped it when it became effective due to the unnecessary burdens it placed on the entities. **Conclusion:** The requirements above relate to commercial and market issues regulated under OATT. Furthermore, they provide little protection to the BES and unnecessary as part of NERC Reliability Standards. Requirements 1 through 12 and associated subrequirements should be removed from Reliability Standard MOD-004-1. **NUC-001-2 R9.1; NUC-001-2 R9.1.1; NUC-001-2 R9.1.2; NUC-001-2 R9.1.3; NUC-001-2 R9.1.4** R9.1 Administrative elements:

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R9.1.1 Definitions of key terms used in the agreement. R9.1.2 Names of the responsible entities, organizational relationships, and responsibilities related to the NPIRs. R9.1.3 A requirement to review the agreement(s) at least every three years. R9.1.4 A dispute resolution mechanism. Criterion B 1, 3, 5, 6. **Statement:** These requirements of NUC-001-2 do not address reliability, rather they address administrative and commercial terms of an agreement. Given there is no clear nexus between these requirements and reliability, they should be retired. **Conclusion:** Since these requirements are purely administrative in nature, provide for a periodic update and commercial terms of the agreement, they provide little protection to the BES. Requirement 9.1 and associated subrequirements should be removed from Reliability Standard NUC-001-2. **PRC-008-0 R1; PRC-008-0 R2; PRC-009-0 R1; PRC-009-0 R1.1; PRC-009-0 R1.2; PRC-009-0 R1.3; PRC-009-0 R1.4; PRC-009-0 R2; PRC-010-0 R2; PRC-022-1 R2.** PRC-008-0 R1 The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall have a UFLS equipment maintenance and testing program in place. This UFLS equipment maintenance and testing program shall include UFLS equipment identification, the schedule for UFLS equipment testing, and the schedule for UFLS equipment maintenance. PRC-008-0 R2 The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability

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Organization and NERC on request (within 30 calendar days). PRC-009-0 R1 The Transmission Owner, Transmission Operator, Load-Serving Entity and Distribution Provider that owns or operates a UFLS program (as required by its Regional Reliability Organization) shall analyze and document its UFLS program performance in accordance with its Regional Reliability Organization's UFLS program. The analysis shall address the performance of UFLS equipment and program effectiveness following system events resulting in system frequency excursions below the initializing set points of the UFLS program. The analysis shall include, but not be limited to: PRC-009-0 R1.1 A description of the event including initiating conditions. PRC-009-0 R1.2 A review of the UFLS set points and tripping times. PRC-009-0 R1.3 A simulation of the event. PRC-009-0 R1.4 A summary of the findings. PRC-009-0 R2 The Transmission Owner, Transmission Operator, Load-Serving Entity, and Distribution Provider that owns or operates a UFLS program (as required by its Regional Reliability Organization) shall provide documentation of the analysis of the UFLS program to its Regional Reliability Organization and NERC on request 90 calendar days after the system event. PRC-010-0 R2 The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall provide documentation of its current UVLS program assessment to its Regional Reliability Organization and NERC on request (30 calendar days). PRC-022-1 R2 Each Transmission Operator, Load-Serving Entity, and Distribution Provider that operates a UVLS program shall provide documentation of its analysis of UVLS program performance to its Regional Reliability Organization within 90 calendar days of a request.

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Criterion B 4, 9. **Statement:** Since UVLS and UFLS information is being collected under event analysis, and also PRC-009-0 will become inactive September 30, 2013 and replaced by PRC-006-1, the above requirements add little to reliability. **Conclusion:** Since PRC-008-0 R1; PRC-008-0 R2; PRC-009-0 R1; PRC-009-0 R1.1; PRC-009-0 R1.2; PRC-009-0 R1.3; PRC-009-0 R1.4; PRC-009-0 R2; PRC-010-0 R2; PRC-022-1 R2 provides little protection to the BES and better handled under event analysis and lessons learned papers, it should be removed. **TOP-001-1a R3** Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority, or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions. Criterion B 7. **Statement:** TOP-001-1a R3 is redundant with IRO-001-1a R8. NOTE: per project 2007-03 (Real-time Operations), this requirement was removed from TOP-001-1a and proposed to be replaced by IRO-001-3, R2, R3, R4. **IRO-001-1a R8 reads:** Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or

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Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions. The next proposed version of IRO-001 for this requirement also reads the same. As is apparent from a comparison of the two requirements, there is no need for TOP-001-1a R3 which is duplicative of IRO-001-1a R8. Also, in the next proposed version of TOP-001, Reliability Coordinator has been deleted from this requirement. **Conclusion:** Requirement 3 is redundant to Reliability Standard IRO-001-1a R8 and should be removed from Reliability Standard TOP-001-1a. **TOP-005-2a R1** As a condition of receiving data from the Interregional Security Network (ISN), each ISN data recipient shall sign the NERC Confidentiality Agreement for "Electric System Reliability Data." Criterion B 3. **Statement:** TOP-005-2a R1 is better suited for ROP than reliability requirement. **Conclusion**: Since TOP-005-2a R1 provides little protection to the BES and is purely documentation in nature, it should be removed. **VAR-002-WECC-1 R2; VAR-501-WECC-1 R2** VAR-002-WECC-1 R2 Generator Operators and Transmission Operators shall have documentation identifying the number of hours excluded for each requirement R1.1 through R1.10. VAR-501-WECC-1 R2 Generator Operators shall have documentation identifying the number of hours excluded for each requirement in R1.1 through R1.12.

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Criterion B 3 and 4. **Statement:** Communication of the status of AVR and PSS with the Transmission Operator may impact reliability, but not documenting or reporting out of this information to a Regional Entity. If the Regional Entity desires to review or track the AVR and PSS hours, such information should be collected via vehicles other than the Reliability Standards, such as Compliance Audits, Spot-Checks and other compliance monitoring procedures. **Conclusion:** For regulatory efficiency and since the requirements are purely documentation and reporting activities, Requirement 2 in Regional Reliability Standards VAR-002-WECC-1 and VAR-501-WECC-1 should be removed from the Standards.

Reliability Functions	
The Standard will Apply to the Following Functions (Check each one that applies.)	
☒ Regional Reliability Organization	Conducts the regional activities related to planning and operations, and coordinates activities of responsible entities to secure the reliability of the Bulk Electric System within the region and adjacent regions.
☒ Reliability Coordinator	Responsible for the real-time operating reliability of its Reliability Coordinator Area in coordination with its neighboring Reliability Coordinator's wide area view.
☒ Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within a Balancing Authority Area and supports Interconnection frequency in real time.
☒ Interchange Authority	Ensures communication of interchange transactions for reliability

Reliability Functions		
		evaluation purposes and coordinates implementation of valid and balanced interchange schedules between Balancing Authority Areas.
☒	Planning Coordinator	Assesses the longer-term reliability of its Planning Coordinator Area.
☒	Resource Planner	Develops a >one year plan for the resource adequacy of its specific loads within a Planning Coordinator area.
☒	Transmission Planner	Develops a >one year plan for the reliability of the interconnected Bulk Electric System within its portion of the Planning Coordinator area.
☒	Transmission Service Provider	Administers the transmission tariff and provides transmission services under applicable transmission service agreements (e.g., the pro forma tariff).
☒	Transmission Owner	Owns and maintains transmission facilities.
☒	Transmission Operator	Ensures the real-time operating reliability of the transmission assets within a Transmission Operator Area.
☒	Distribution Provider	Delivers electrical energy to the End-use customer.
☒	Generator Owner	Owns and maintains generation facilities.
☒	Generator Operator	Operates generation unit(s) to provide real and reactive power.
☒	Purchasing-Selling Entity	Purchases or sells energy, capacity, and necessary reliability-related services as required.
☐	Market Operator	Interface point for reliability functions with commercial functions.
☒	Load-Serving Entity	Secures energy and transmission service (and reliability-related services) to serve the End-use Customer.

Reliability and Market Interface Principles	
Applicable Reliability Principles (Check all that apply).	
☒	1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
☒	2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.

Reliability and Market Interface Principles	
☒	3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.
☒	4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained and implemented.
☒	5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk power systems.
☒	6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.
☒	7. The security of the interconnected bulk power systems shall be assessed, monitored and maintained on a wide area basis.
☒	8. Bulk power systems shall be protected from malicious physical or cyber attacks.

Does the proposed Standard comply with all of the following Market Interface Principles?	Enter (yes/no)
1. A reliability standard shall not give any market participant an unfair competitive advantage.	Yes
2. A reliability standard shall neither mandate nor prohibit any specific market structure.	Yes
3. A reliability standard shall not preclude market solutions to achieving compliance with that standard.	Yes
4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards.	Yes

Related Standards	
Standard No.	Explanation

Related SARs	
SAR ID	Explanation

Regional Variances	
Region	Explanation
ERCOT	
FRCC	
MRO	
NPCC	
RFC	
SERC	
SPP	
WECC	