

Compliance Operations

Draft Reliability Standard Compliance Guidance for VAR-001 and VAR-002

July 8, 2013

Introduction

The NERC Compliance department (Compliance) worked with the Informal VAR Group (IVG) in a review of pro forma VAR-001 and VAR-002 standards. The purpose of the review is to discuss the requirements of the pro forma standards to obtain an understanding of its intended purpose and necessary evidence to support compliance. The purpose of this document is to address specific questions posed by the IVG in order to aid in the wording of the requirements and provide a level of understanding regarding evidentiary support necessary to demonstrate compliance. In addition, a conclusion related to whether the pro forma standards provide reasonable guidance for compliance auditors is provided. However, this document makes no assessment as to the enforceability of the standard.

While all testing requires levels of auditor judgment, participating in these reviews allows Compliance to develop training and approaches to support a high level of consistency in audits conducted by the Regional Entities. The following questions will be used to aid in such auditor training.

IVG VAR-001 and VAR-002 Questions

Question 1

To show that VAR-001 policies or procedures are “implemented,” would Compliance ask for a TOP to provide data around an “event?” Otherwise, would Compliance request TOPs to prove compliance over the entire audit period? What is the best way to provide sample data to support that VAR-001 requirements are being met?

Compliance Response to Question 1 (Compliance response in context of VAR-001 R1)

Part 1 – Compliance can use a range of approaches to understand and verify implementation. With regard to this standard, those approaches may include observing, interviewing, reviewing an entity’s response to instances of voltage deviation that require operator intervention, as well as reviewing documentation for notifications of voltage deviations that may include exemption requests. Registered entities may also demonstrate the implementation of policies or procedures by providing documentation in connection with an event. Also, auditors may be independently aware of events occurring within the TOP’s area, and the use of such events to determine the nature of an entity’s response is evidence of implementation of policies and procedures. Alternatively, a lack of response to a known event could be evidence of noncompliance with implementation of policies and procedures.

Part 2 – Yes, the Rules of Procedure provide that a registered entity is required to be compliant with Reliability Standards during the audit period. A compliance audit should be appropriately scoped and testing designed to obtain a reasonable assurance of compliance. In this regard, though possible, it is unlikely an auditor would require levels of proof of compliance for an entire audit period and would use approaches such as those noted in Part 1 to gain reasonable assurance of compliance.

Part 3 – As noted in the answer to Part 1, there are a range of approaches to help an auditor determine compliance and those range of approaches should be used to help the registered entity demonstrate compliance. As noted above, those approaches may include observing, interviewing, providing documentation relative to an event, as well as documents generated during normal operations such as notifications of voltage deviations.

Question 2

For VAR-001 R2, would Compliance focus more on real-time directives? For the day-ahead time frame, is it enough to show studies that were used to schedule resources?

Compliance Response to Question 2

Part 1 – Compliance cannot commit to the level of testing that would or would not be performed on a requirement by requirement basis or favoring the testing of one sub-requirement over another. These determinations would be made in connection with the scoping of an audit for a specific registered entity.

Part 2 – No. The entity would be expected to provide the documentation for the day ahead scheduling in addition to documentation supporting that it was scheduled, as noted in the requirement. The auditor would first gain an understanding of the entity's process for conducting the studies and the frequency the studies are performed. Based on the entities response, the auditor most likely would select a sample of studies to verify and ascertain whether the resulting actions, or non actions, were supported by such studies. Documented evidence existing at the time of the study selected by the auditor for verification would be considered stronger evidence than verbal explanations given by entities in response to inquiries during an audit.

Question 3

For VAR-001 R3, is the standard clear enough to allow for temporary exemptions?

Compliance Response to Question 3

Yes. The TOP would need to provide the criteria and evidence supporting the delivery of the exemption notification.

Question 4

With regard to VAR-002, will generators receive a violation for instances where a system event is affecting system voltage, but the generators made the appropriate conversions and set the AVRs to meet the original schedule provided by the TOP?

Compliance Response to Question 4 (Compliance response in context of VAR-002 R2)

No, the generator operators can only be responsible for maintaining the schedule provided by the TOP; if the TOP provides a new directive or schedule, the GOP is required to follow the new directive.

Question 5

Related to VAR-002, generators monitor voltage on both the low side and high side of the GSU and the “number” being monitored by the Generator will not always equate to the number provided by the TOP. Does this need to be spelled out in the requirement?

Compliance Response to Question 5 (Compliance response in context of VAR-002 R2)

The Generator should be able to provide documentation that identifies the “number” being monitored and the calculation demonstrating how the “number” equates to the schedule provided by the TOP.

Question 6

For VAR-002 R2, the Generator demonstrates compliance by executing the three sub-tasks. Is it clear that those are the only items that a Generator will need to do to maintain voltage? There are events when a unit will be dragged out of voltage schedule, and a unit is limited by its operating capacity to prevent such instances. Those instances should not be a violation under VAR-002 R2, if the GOP is doing everything possible to bring the unit back into a voltage schedule (i.e., the three sub-requirements).

Compliance Response to Question 6

The main requirement is clearly stated, that except for an exemption, each of the three sub-requirements must be performed. In this regard, the Generator must document their performance to provide evidence to the auditor of compliance. We have provided additional notes for R2.1-.3 below:

R2.1: Based on the language modification, the Generator may operate up to 30 minutes prior to notifying the TOP that the Generator cannot return to its schedule. The sub-requirement would not require the documentation for instances where a Generator returned to their schedule in 30 minutes or less. Instances greater than 30 minutes would require documentation supporting the Generator contacting the TOP, documentation showing when the Generator first began operating outside of the schedule and when the determination was made the GOP was no longer able to return to its schedule.

R2.2: Based on conversations with the IVG, the only alternative is to manually control the reactive output. In this regard, it is suggested that, unless another method exists, the language be changed to “shall use a manual method.”

R2.3 The sub-requirement is self explanatory and would require the Generator to provide documentation supporting compliance or the written explanation.

Question 7

For VAR-002 requirement R3, the requirement allows for a 15 minute grace-period to reporting a status change, if the issue with reactive resource is corrected. Is that point clear? This requirement is concerned with allowing a Generator to resolve an issue with a resource without having to call or notify the TOP every time the status of the resources goes in and out of service. Also, the IVG would like for telemetered points to count as an automatic notification to the TOP. Is such notification acceptable to Compliance?

Compliance Response to Question 7

Part 1 – The Requirement is clear, notification is only required between minutes 16 and 30, regardless of restoration.

Part 2 – If telemetered points meet the requirement of a notification, the requirement will need to explain the supporting documentation that substantiates compliance (what evidence can be provided to an auditor.)

Conclusion

In general, Compliance finds the pro forma standards provide a reasonable level of guidance for Compliance Auditors to conduct audits in a consistent manner. The standard establishes timelines, data requirements, and ownership of specific actions. In general, the standard would provide reasonable guidance to develop training for Compliance Auditors to execute their reviews. Compliance does recommend the IVG address the issues noted in the previous section of this document related to the standards.

Following final approval of the Reliability Standard, Compliance will develop the final Reliability Standards Auditor Worksheet (RSAW) and associated training.