Violation Risk Factor and Violation Severity Level Justifications

Project 2022-03 Energy Assurance with Energy-Constrained Resources

This document provides the drafting team's (DT's) justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in Project 2022-03 Energy Assurance with Energy-Constrained Resources. Each requirement is assigned a VRF and a VSL. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the Electric Reliability Organizations (ERO) Sanction Guidelines. The DT applied the following NERC criteria and FERC Guidelines when developing the VRFs and VSLs for the requirements.

NERC Criteria for Violation Risk Factors

High Risk Requirement
A requirement that, if violated, could directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.

Medium Risk Requirement
A requirement that, if violated, could directly affect the electrical state or the capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System. However, violation of a medium risk requirement is unlikely to lead to Bulk Electric System instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to Bulk Electric System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

Lower Risk Requirement

A requirement that is administrative in nature and a requirement that, if violated, would not be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System; or, a requirement that is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System.

FERC Guidelines for Violation Risk Factors

Guideline (1) – Consistency with the Conclusions of the Final Blackout Report

FERC seeks to ensure that VRFs assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System. In the VSL Order, FERC listed critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System:

- Emergency operations

- Vegetation management

- Operator personnel training

- Protection systems and their coordination

- Operating tools and backup facilities

- Reactive power and voltage control

- System modeling and data exchange

- Communication protocol and facilities

- Requirements to determine equipment ratings

- Synchronized data recorders

- Clearer criteria for operationally critical facilities

- Appropriate use of transmission loading relief.

Guideline (2) – Consistency within a Reliability Standard

FERC expects a rational connection between the sub-Requirement VRF assignments and the main Requirement VRF assignment.

Guideline (3) – Consistency among Reliability Standards

FERC expects the assignment of VRFs corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.

Guideline (4) – Consistency with NERC's Definition of the Violation Risk Factor Level

Guideline (4) was developed to evaluate whether the assignment of a particular VRF level conforms to NERC's definition of that risk level.

Guideline (5) – Treatment of Requirements that Co-mingle More Than One Obligation

Where a single Requirement co-mingles a higher risk reliability objective and a lesser risk reliability objective, the VRF assignment for such Requirements must not be watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.

NERC Criteria for Violation Severity Levels

VSLs define the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple "degrees" of noncompliant performance and may have only one, two, or three VSLs.

VSLs should be based on NERC's overarching criteria shown in the table below:

Lower VSL	Moderate VSL	High VSL	Severe VSL
The performance or product measured almost meets the full intent of the requirement.	The performance or product measured meets the majority of the intent of the requirement.	The performance or product measured does not meet the majority of the intent of the requirement, but does meet some of the intent.	The performance or product measured does not substantively meet the intent of the requirement.

FERC Order of Violation Severity Levels

The FERC VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for each requirement in the standard meet the FERC Guidelines for assessing VSLs:

Guideline (1) – Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance

Compare the VSLs to any prior levels of non-compliance and avoid significant changes that may encourage a lower level of compliance than was required when levels of non-compliance were used.

Guideline (2) – Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties

A violation of a "binary" type requirement must be a "Severe" VSL.

Do not use ambiguous terms such as "minor" and "significant" to describe noncompliant performance.

Guideline (3) – Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement

VSLs should not expand on what is required in the requirement.

Guideline (4) – Violation Severity Level Assignment Should Be Based on a Single Violation, Not on a Cumulative Number of Violations

Unless otherwise stated in the requirement, each instance of non-compliance with a requirement is a separate violation. Section 4 of the Sanction Guidelines states that assessing penalties on a per violation per day basis is the "default" for penalty calculations.

VRF Justifications for BAL-007-1, Requirement R1	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by not documenting and maintaining the process for conducting Energy Reliability Assessments for the near-term time horizon which are required in defining the minimum standards by which Energy Reliability Assessments will be performed could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R1			
Lower	**Moderate**	**High**	**Severe**
N/A	The Balancing Authority documented an Energy Reliability Assessment process for the near-term time horizon but did not account for one of the elements in Requirement R1 Part 1.1 through Part 1.3.

OR

The Balancing Authority documented a Reliability Coordinator-reviewed Energy Reliability Assessment process for the near-term time horizon accounting for each of the elements in Requirement R1 Parts 1.1 through 1.3 but failed to maintain it. | The Balancing Authority documented an Energy Reliability Assessment process for the near-term time horizon but did not account for two or more of the elements in Requirement R1 Part 1.1 through Part 1.3.

OR

The Balancing Authority documented an Energy Reliability Assessment process for the near-term time horizon but did not provide a rationale in accordance with Requirement R1 Part 1.4. | The Balancing Authority failed to document an Energy Reliability Assessment process for the near-term time horizon. |

VSL Justifications for BAL-007-1, Requirement R1	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R2

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by not documenting and maintaining a set of scenarios or a method of Scenario creation which are required in defining the minimum standards by which near-term Energy Reliability Assessments will be performed could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R2			
Lower	**Moderate**	**High**	**Severe**
N/A	The Balancing Authority documented a set of Scenarios or a method of Scenario creation but did not maintain it.

OR

The Balancing Authority documented a set of Scenarios or a method of Scenario creation but did not include a rationale for the Scenarios or method identified. | The Balancing Authority documented a set of Scenarios or a method of Scenario creation but did not vary conditions by a sufficient amount to stress the system or include all of the conditions listed in Requirement R2 Parts 2.1 through 2.3. | The Balancing Authority failed to document a set of Scenarios or a method of Scenario creation for use in performing near-term ERAs. |

VSL Justifications for BAL-007-1, Requirement R2	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R3	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by not documenting and maintaining the Operating Plan(s) to minimize forecasted Energy Emergencies as identified in the near-term Energy Reliability Assessment, including provisions for notifying the Reliability Coordinator of the forecasted Energy Emergency and the Operating Plan(s) could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R3			
Lower	Moderate	High	Severe
N/A	N/A	The Balancing Authority documented and maintained an Operating Plan(s) to minimize forecasted Energy Emergencies as identified in the near-term ERA but failed to include provisions for notification to the Reliability Coordinator.	The Balancing Authority failed to document an Operating Plan(s) to minimize forecasted Energy Emergencies as identified in the near-term ERA.

VSL Justifications for BAL-007-1, Requirement R3	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R4

Proposed VRF	Low
NERC VRF Discussion	A VRF of Low is appropriate due to the fact that reviewing and updating, if necessary, the near-term Energy Reliability Assessment process, near-term Energy Reliability Assessment scenarios or methods, and Operating Plan(s) developed under Requirements R1 through R3, at least every 24 calendar months, is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restoration conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. Therefore, it is in line with the definition of a Low VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Low VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a low VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R4			
Lower	Moderate	High	Severe
N/A	N/A	The Balancing Authority reviewed information that contained the near-term ERA process, the ERA scenarios or methods, and Operating Plan(s) but failed to update within 24 months.	The Balancing Authority failed to review and update, if necessary, information that contained the near-term ERA process, the ERA scenarios or methods, and Operating Plan(s) to the Reliability Coordinator.

VSL Justifications for BAL-007-1, Requirement R4

FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R5	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by not providing the near-term Energy Reliability Assessment process, near-term Energy Reliability Assessment scenarios or methods, and Operating Plan(s) documented under Requirements R1 through R3 to the Reliability Coordinator at least once every 24 calendar months, on a mutually agreed schedule could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R5			
Lower	**Moderate**	**High**	**Severe**
N/A	N/A	The Balancing Authority submitted information that contained the near-term ERA process, the ERA scenarios, and Operating Plan(s) but failed to submit to the Reliability Coordinator within 24 months, on a mutually agreed-upon schedule.	The Balancing Authority failed to submit information that contained the near-term ERA process, the ERA scenarios, and Operating Plan(s) to the Reliability Coordinator.

VSL Justifications for BAL-007-1, Requirement R5	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R6	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that the Reliability Coordinator did not complete the steps in Requirements R9.1 and R9.2 within 60 calendar days to ensure the most accurate information is used, could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R6			
Lower	Moderate	High	Severe
N/A	The Reliability Coordinator reviewed each submittal for coordination with other Balancing Authorities' near-term ERA information to understand potential reliability risks to Wide Area reliability but notified one or more Balancing Authority of the results of its review in a time period that was longer than 60 calendar days but less than 90 calendar days.	The Reliability Coordinator reviewed each submittal for coordination with other Balancing Authorities' near-term ERA information to understand potential reliability risks to Wide Area reliability but notified one or more Balancing Authorities of the results of its review in a time period that was longer than 90 calendar days but less than 120 calendar days.	The Reliability Coordinator reviewed each submittal for coordination with other Balancing Authorities' near-term ERA information to understand potential reliability risks to Wide Area reliability but failed to notify each Balancing Authority of the results of its review within 120 calendar days.

VSL Justifications for BAL-007-1, Requirement R6	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R7	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that if each Balancing Authority did not address any reliability risks identified by its Reliability Coordinator and resubmit the updated information required in Requirement R4 to its Reliability Coordinator within 60 calendar days of receipt could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R7			
Lower	**Moderate**	**High**	**Severe**
N/A	N/A	The Balancing Authority addressed any reliability risks identified by its Reliability Coordinator but failed to resubmit the updated information within 60 calendar days following receipt.	The Balancing Authority failed to address any reliability risks identified by its Reliability Coordinator. OR The Balancing Authority failed to resubmit the updated information required in Requirement R4 to its Reliability Coordinator.

VSL Justifications for BAL-007-1, Requirement R7	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R8	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that near-term Energy Reliability Assessments were not performed according to the process documented in Requirement R1 using the scenarios or methods documented in Requirement R2 could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R8			
Lower	**Moderate**	**High**	**Severe**
N/A	N/A	N/A	The Balancing Authority failed to perform a near-term ERA in accordance with its process documented in Requirement R1 using the Scenarios or methods documented in Requirement R2.

VSL Justifications for BAL-007-1, Requirement R8	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R9	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that if an Operating Plan(s) was not implemented once a near-term Energy Reliability Assessment identified one or more forecasted Energy Emergencies it could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R9			
Lower	**Moderate**	**High**	**Severe**
N/A	N/A	N/A	The Balancing Authority failed to implement an Operating Plan(s) when a near-term ERA identified any of the forecasted conditions in Requirement R8.

VSL Justifications for BAL-007-1, Requirement R9

FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.

VRF Justifications for BAL-007-1, Requirement R10	
Proposed VRF	**Medium**
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that each if a Reliability Coordinator did not notify other Balancing Authorities and Transmission Operators in its Reliability Coordinator Area, and neighboring Reliability Coordinators of the forecasted condition(s) and the Balancing Authority's Operating Plan(s) could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R10			
Lower	**Moderate**	**High**	**Severe**
The Reliability Coordinator received a notification that a Balancing Authority within its footprint has implemented an Operating Plan pursuant to Requirement R9 but notified one or more Balancing Authorities or Transmission Operators in its Reliability Coordinator Area, or neighboring Reliability Coordinators between 24-25 hours of receiving notification.	The Reliability Coordinator received a notification that a Balancing Authority within its footprint has implemented an Operating Plan pursuant to Requirement R9 but notified one or more Balancing Authorities or Transmission Operators in its Reliability Coordinator Area, or neighboring Reliability Coordinators between 25-26 hours of receiving notification.	The Reliability Coordinator received a notification that a Balancing Authority within its footprint has implemented an Operating Plan pursuant to Requirement R9 but notified one or more Balancing Authorities or Transmission Operators in its Reliability Coordinator Area, or neighboring Reliability Coordinators between 26-27 hours of receiving notification.	The Reliability Coordinator received a notification that a Balancing Authority within its footprint has implemented an Operating Plan pursuant to Requirement R8 but failed to notify one or more Balancing Authorities or Transmission Operators in its Reliability Coordinator Area, or neighboring Reliability Coordinators within 27 hours or more of receiving notification.

VSL Justifications for BAL-007-1, Requirement R10	
FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.
FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language	The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.
FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement	The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.
FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations	Each VSL is based on a single violation and not cumulative violations.