

Consideration of Comments on current draft of the ATC Violation Risk Factors Analysis and Recommendations Report — Project 2006-07

The ATC/TTC/AFC and CBM/TRM Revisions Standard Drafting Team thanks all commenters who submitted comments on the current draft of the ATC Violation Risk Factors Analysis and Recommendations Report. This report was posted for a 21-day public comment period from January 7, 2009 through January 29, 2009. The stakeholders were asked to provide feedback on the report through a special Electronic Comment Form. There were 27 sets of comments, including comments from more than 75 different people from approximately 60 companies representing 9 of the 10 Industry Segments as shown in the table on the following pages.

Summary Response of the ATCT Drafting Team:

It became apparent to the drafting team during team discussions and through review of industry feedback and the NERC staff assessment that there is great difficulty in applying the NERC VRF definitions to the ATC standards. Further comparisons of existing standards, comments and Commission rulings indicate that the difficulty applies to more than the ATC standards. The difficulty is rooted in the fact that the definitions do not allow for a nuanced evaluation of risk to the reliability of the Bulk Power System (BPS) of violation of a given requirement. The difficulty stems from two factors: there are not enough discreet VRFs to adequately capture the differences in risk and the concept of probability of a consequence is not incorporated into the definitions.

The first factor is most evident in the debate over whether many of the requirements in the ATC standards merit a Lower or Medium VRF. Guidance has been given that a requirement assigned a "Lower" VRF is merely administrative in nature, while a requirement assigned a "Medium" VRF is one that, if violated, could, among other things, directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. Literal, strict application of the definition of a Medium VRF can result in the conclusion a Medium VRF should be assigned to requirements that if violated, may affect the electrical state of the BPS but would not necessarily result in an increased risk to the integrity of the Interconnection. The degree of separation between a violation of a requirement and any actual effect on the BPS is not well defined, as in many cases there must be multiple violations of other requirements (perhaps in other standards) to lead to an actual impact.

The second factor can best be understood by considering the engineering definition of risk commonly used in the fields of nuclear power, aerospace and the chemical industry:

Risk = (the probability of an event occurring) x (the expected impact of the event)

The definition of a "High" VRF incorporates this concept somewhat through the use of the phrase "unacceptable risk", however the definition of a "Medium" VRF neglects the probability component of the concept.

The problem could be resolved by defining an additional VRF between Lower and Medium that was more than administrative in nature and by redefining a "Medium" VRF with the difference being the probability of an undesirable affect on the BPS.

Summary Response of NERC Staff

NERC Staff believes that in all cases, with the exceptions noted below, the recommendations made within the document posted for comment are consistent with NERC's established Violation Risk Factor definitions, as well as FERC's guidelines. Based on comments, NERC Staff will recommend raising the VRFs for MOD-004 R6 and R8 from "Lower" to "Medium." The commenter correctly points out that with regard to CBM, a mistake made within the Planning time frame cannot necessarily be corrected in the 1-year time frame.

NERC staff notes that a significant number of commenters seem to be more concerned with the probability of a violation, rather than the reliability impact of a violation. NERC's current VRF

definitions do not address probability except in the coarsest of terms (“Lower” has a zero probability of impacting the BPS, “Medium” has a non-zero probability of impacting the BPS, and “High” has a non-zero probability of causing a cascading event). Future development of the Violation Risk Factor definitions should include consideration of this item if deemed to be a valid concern.

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Gerry Adamski, at 609-452-8060 or at gerry.adamski@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

¹ The appeals process is in the Reliability Standards Development Procedures:
<http://www.nerc.com/standards/newstandardsprocess.html>.

Index to Questions, Comments, and Responses

1. The analysis offers that the accurate determination of Firm ATC/AFC is a “Medium” risk activity, as it can lead to the unexpected shedding of firm load due to unlimited selling of Firm ATC/AFC and the obligations associated with maintaining firm transmission service. Do you agree that overselling Firm ATC/AFC can lead to an SOL or IROL violation that may necessitate the shedding of firm load?.....	9
If “No,” please explain either 1.) how you avoid overselling of Firm ATC/AFC, 2.) how you mitigate the effects of such overselling such that load shedding is unnecessary, or 3.) why you believe there is no relationship between overselling of Firm ATC/AFC and exceeding SOL/IROLs.....	9
If “No,” please explain how the effects of overselling firm service would not potentially require load shedding to maintain such service.	9
2. The analysis suggests that the accurate determination of Non-Firm ATC/AFC is “Low” risk activity, as it <i>cannot</i> lead to the unexpected shedding of firm load. Do you agree that overselling Non-Firm ATC/AFC cannot lead to an SOL or IROL violation that may necessitate the shedding of firm load?	26
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The Industry Segments are:

- 1 — Transmission Owners
- 2 — RTOs, ISOs
- 3 — Load-serving Entities
- 4 — Transmission-dependent Utilities
- 5 — Electric Generators
- 6 — Electricity Brokers, Aggregators, and Marketers
- 7 — Large Electricity End Users
- 8 — Small Electricity End Users
- 9 — Federal, State, Provincial Regulatory or other Government Entities
- 10 — Regional Reliability Organizations, Regional Entities

		Commenter	Organization	Industry Segment																																										
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1.	Group	Sam Ciccone	FirstEnergy	✓		✓	✓	✓	✓																																					
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2.	Group	Jerry Tang	SERC OC Standards Review Group	✓		✓		✓																																						
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8.	DuShaune Carter	Southern Company	SERC	1, 3, 5																															
9.	Phil Creech	Progress Energy Carolinas	SERC	1, 3, 5																															
10.	Kenny Garren	Progress Energy Carolinas	SERC	1, 3, 5																															
11.	Chris Bradley	Big Rivers Electric Corp.	SERC	1, 3																															
12.	Harold Taylor	Georgia Transmission Corp.	SERC	1																															
13.	Eugene Warnecke	Ameren	SERC	1, 3, 5																															
14.	Roman Carter	Southern Company	SERC	1, 3, 5																															
3.	Group	Denise Koehn	Bonneville Power Administration		✓		✓		✓	✓																									
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4.	Group	Roberto Paliza	The Southeast Coalition																																
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5.	Individual	Sandra Shaffer	PacifiCorp		✓		✓		✓	✓																									
6.	Group	Jason Marshall	Midwest ISO Standards Collaborators			✓																													
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9.	Group	Marc M. Butts	Southern Company — Transmission	✓		✓		✓																																																																													

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11.	Individual	Dan Rochester	Independent Electricity System Operator		✓																																																			
12.	Individual	Chuck Falls	Salt River Project	✓																																																				
13.	Individual	Vann Weldon	ERCOT Inc.		✓																																																			
14.	Individual	Rao Somayajula	ReliabilityFirst Corporation											✓																																										
15.	Individual	Richard Kafka	Pepco Holdings, Inc.	✓		✓		✓	✓																																															
16.	Individual	Ronald Schellberg	Idaho Power Company	✓																																																				

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18.	Individual	Gordon Rawlings	BC Transmission Corp.	✓										
19.	Individual	Ross Kovacs	Georgia Transmission Corporation	✓										
20.	Individual	Patrick Brown	PJM Interconnection		✓									
21.	Individual	Dennis Kimm	MidAmerican Energy	✓		✓		✓	✓					
22.	Individual	Jason Shaver	American Transmission Company	✓										
23.	Individual	Greg Rowland	Duke Energy	✓		✓		✓	✓					
24.	Individual	Aaron Staley	Orlando Utilities Commission	✓		✓		✓						
25.	Individual	Edward Davis	Entergy Services, Inc	✓		✓		✓	✓					
26.	Individual	Ray Kershaw	ITC Holdings	✓										
27.	Individual	D. Bryan Guy	Progress Energy Carolina, Inc	✓		✓		✓						

1. The analysis offers that the accurate determination of Firm ATC/AFC is a “Medium” risk activity, as it can lead to the unexpected shedding of firm load due to unlimited selling of Firm ATC/AFC and the obligations associated with maintaining firm transmission service. Do you agree that overselling Firm ATC/AFC can lead to an SOL or IROL violation that may necessitate the shedding of firm load?

If “No,” please explain either 1.) how you avoid overselling of Firm ATC/AFC, 2.) how you mitigate the effects of such overselling such that load shedding is unnecessary, or 3.) why you believe there is no relationship between overselling of Firm ATC/AFC and exceeding SOL/IROLs.

If “No,” please explain how the effects of overselling firm service would not potentially require load shedding to maintain such service.

ATC Drafting Team Summary Response:

A majority of the drafting team did not agree with NERC staff’s analysis that the accurate determination of Firm ATC/AFC is a “Medium” risk activity. Following are reasons that were discussed:

1. NERC staff’s analysis describes Firm ATC/AFC as having a “direct effect” on the Bulk Power System (BPS). The majority does not agree that Firm ATC/AFC calculations have a “direct effect” on the BPS as described for a “Medium” risk activity in the current definitions of NERC’s VRFs.
 - a. There are operational processes and procedures downstream of ATC/AFC calculations that are used by entities to ensure system reliability is maintained based on actual real time conditions. The IRO, BAL, and INT series of standards address the ability to monitor and control the BPS regardless of system conditions or preconditions. There are significant barriers that prevent overselling from resulting in over scheduling. Examples – (i) experienced system operators must approve schedules before they are implemented, (ii) Reliability Coordinators perform Operational Planning Analyses for the next day and Real Time Assessments intraday to prevent SOL/IROL violations, (iii) system reconfiguration, (iv) deploying reserves, (v) generation redispatch, (vi) use of external resources.
 - b. Firm ATC/AFC offered or reserved is often not scheduled. The reservation of transmission capacity does not ensure that energy will ever flow on the reservation. Until energy flows, there is no risk to the reliability of the BPS, and therefore no opportunity for SOL/IROL violations.
 - c. The ATCTDT is unaware of any evidence that overselling of Firm ATC/AFC has ever resulted in load shedding, and believes such load shedding would be extremely unlikely.
 - d. NERC staff’s analysis seems to assume that the calculation of ATC/AFC reflects the real-time use of the transmission system. However, calculation of ATC/AFC is accomplished using models that simulate system conditions. These models, by their very nature, are predictive tools based on assumptions subject to change during the operating and planning horizons. The Federal Energy Regulatory Commission has recognized this fact in its orders. In its market-based rate order, the Commission stated that it, “agrees... that short-term firm reservations can be unpredictable,

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driven by real time system conditions.” See Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities, 119 FERC 61,295 at P 368 (2007).

2. Firm ATC/AFC is primarily a commercial product predicting future availability of transmission capacity for transmission reservations.

NERC Staff Summary Response:

NERC staff believes that the accurate determination of Firm ATC/AFC is a “Medium” risk activity, as it has the potential to lead to the unexpected shedding of firm load due to unlimited selling of Firm ATC/AFC and the obligations associated with maintaining firm transmission service. Many entities seemed to focus their comments on proving that there is no guarantee that load shedding will occur if this standard is violated. However, the criteria for a “Medium” VRF specify that a violation “could” negatively impact reliability. NERC staff believes it is clear that the incorrect determination of firm ATC “could” negatively impact reliability, up to and including the creating the need for load shedding. NERC staff believes it is irrelevant that actions can be taken to mitigate that increased risk.

Organization	Yes or No	Question 1 Comment
FirstEnergy	No	<p>FirstEnergy Corp. agrees with comments submitted by MISO and PJM to all questions on this comment form. Also, FirstEnergy Corp. offers the following additional comments: The reservation (sale) of transmission capacity does not in and of itself insure that energy will ever flow on the reservation. Until energy flows, there is no risk to the reliability of the Bulk Electric System and, consequently, no opportunity to exceed SOL or IROL thresholds. Energy transactions must be approved prior to implementation. To use an example from the airline industry, several times flights can be overbooked. Applying the VRF rules to this example, this would be considered a "Lower" VRF. Although there is a relationship between overselling tickets and exceeding safe loading capacity, the airline would never let the plane take off with a load it cannot handle. Therefore, overselling airline tickets would not hinder the safety of passengers nor the effectiveness of the airline agents and pilots to monitor the capacity loading of a plane before departure.</p>
<p>NERC Staff Response: NERC staff agrees this analogy is appropriate, but does not agree this means that the risk is Lower. When an airline overbooks, there are occasions when customers with tickets must be “bumped” off the plane. Similarly, transmission customers can get bumped off the transmission system. However, unlike the airline, there is no ability to delay those customers until a later flight; generation and load must balance in real-time. If those customers have purchased firm transmission with the intent of serving load and they are bumped off the system, they are in the unfortunate situation of having load to serve and a transmission system that cannot support that load. While in many cases alternative sources will be available, in some cases, they may not.</p>		

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Organization	Yes or No	Question 1 Comment
SERC OC Standards Review Group	No	<p>While we agree that overselling of firm ATC/AFC may affect the electric system, it doesn't mean that SOLs or IROLs will be exceeded because of many different mitigation procedures available; therefore, not all the VRFs as set by NERC staff should be raised from low to medium.</p>
<p>NERC Staff Response: The commenter suggests that in order to qualify as a medium risk, it must be certain that a violation of the requirement will lead to an SOL or IROL violation. NERC staff does not believe this to be correct.</p> <p>NERC staff agrees there are other mitigation measures, but does not believe the existence of those other measures eliminates the impact of a violation of the requirements in these standards.</p>		
Bonneville Power Administration	No	<p>Load shedding to avoid exceeding SOL/IROLs is not necessary until the scheduling of such firm reservations approach the SOL/IROL. Overselling alone should not result in load shedding, as there is no guarantee a schedule will be submitted against the reservation. If necessary, limiting the schedules so they do not exceed the SOL/IROL will prevent load shedding.</p>
<p>NERC Staff Response: NERC staff agrees that until scheduling of reservations occur, it is uncertain whether or not an SOL or IROL will be violated. However, the intent of this standard is to reduce the probability of such limit violations occurring.</p> <p>NERC staff believes that limiting schedules will by definition result in either redispatch or load shedding. Redispatch will occur if the entity with the load can either re-supply from another area with sufficient transmission capacity or generate internally to make up the difference in supply. If those two options are not available, demand will need to be reduced, which may include load shedding.</p>		
Midwest ISO Standards Collaborators	No	<p>First, the concept of overselling Firm ATC/AFC is misapplied. To avoid overselling Firm ATC/AFC, you simply sell no more ATC/AFC when the ATC/AFC reaches zero. Transmission studies used to determine TTC/TFC are based on a set of assumed conditions. Changes to those assumptions will result in differing values of TTC/TFC. If all ATC/AFC is sold based on the latest system conditions and then those conditions change, it is possible that there may be negative ATC/AFC. Thus, Transmission Service Providers would not have sold some of the transmission reservations had they anticipated the change to the transmission system assumptions. Transmission Service Providers and their associated planners and operators regularly respond to these types of conditions and there is not a single documented case of it leading to load shedding. Because of this, it would be difficult to conclude that the system is really oversold. Furthermore, what does this really mean for the system to be oversold, in any case? We believe bullet 3 demonstrates the author(s) misunderstanding of assessing Violation Risk Factors. The definition of the Violation Risk Factors does not require that there is no relationship between selling of Firm ATC/AFC and exceeding SOL/IROLs to establish that the Violation Risk Factor is Lower. In fact, the very definition of Lower includes "be expected to affect" and "directly affect". Thus,</p>

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Organization	Yes or No	Question 1 Comment
		<p>there can be a relationship and there is a relationship. Rather to meet the Medium Violation Risk Factor definition a violation of the requirement must directly affect the electrical state or capability of the BPS, directly affect the ability to monitor and control the BPS or in the planning time frame, under emergency abnormal, or restorative conditions, could meet either of the previous two. "Overselling" Firm ATC/AFC does not meet these criteria because there is not a direct link. Selling transmission service does not result in transmission flows and cannot even be predicted to consistently result in transmission flows. Once a transmission customer has confirmed a transmission reservation, the customer only has a right but not an obligation to use the service. Before any flow ever even will occur on the system due to a transmission reservation, an E-Tag must be submitted to schedule the service, all reliability entities (BA, TSPs) must approve the schedule. If there is a TLR level 3 or higher implemented, the schedule will be either halted or reallocated. One may argue that it is not necessary for actual flows to materialize on the transmission system because the Medium VRF definition considers the planning time frames. However, we counter that the argument is irrelevant because AFC/ATC are only calculated 13 months out, and TRM is intended to account for some of the uncertainties that could occur this far out. Thus, again, there is no direct connection. Does planning horizon even apply? In the ten+ years since FERC mandated open access and set firm transmission service at the same level of NITS and>NNL, please give us an example when firm load was ever shed from "overselling" transmission service? We cannot identify any examples. There are so many ways to mitigate a transmission overload, such as redispatch and reconfiguration, that it is highly unlikely that an entity will ever have to shed load due to selling transmission service. After all, selling firm transmission service does not create more load.</p>
<p>NERC Staff Response: NERC staff notes that the standards do not penalize entities for selling beyond a zero ATC or AFC, and that the standards allow entities to account for the likelihood of reservations being scheduled when determining ETC.</p> <p>NERC staff further notes that the definition of Lower provided by the commenter is taken out of context. The definition of criteria for "Lower," when read in full, indicates that a violation <i>would not</i> be expected to affect and directly affect the BPS.</p> <p>NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not "must" directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p> <p>NERC staff recognizes the role of TRM in protecting reliability and mitigating risk to the transmission system. However, TRM is intended to be used to address unforeseen events or to address changes in assumptions (as described by the commenter); it should not used to address cases where a Transmission Service Provider has deviated from its own practices for determination of Firm ATC, as this is not consistent with the definition of TRM.</p> <p>NERC staff respects the commenter's opinion that "that it is highly unlikely that an entity will ever have to shed load due to selling transmission service." Again, NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System.</p>		

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Organization	Yes or No	Question 1 Comment
MRO NERC Standards Review Subcommittee	No	<p>There is no "direct" relationship between selling ATC/AFC and load shedding. Any time an unforeseen system condition arises there is the possibility that ATC/AFC has been oversold, but that does not mean that and SOL/IROL will be violated or that load will be shed. The problems potentially arise when ATC/AFC is oversold AND all or most of the reservations in one direction are scheduled upon AND a relatively small amount of reservations in the counterflow direction have been scheduled upon AND the amount of flow above the ATC/AFC exhausts the TRM and CBM that have been set aside for the path/flowgate. In fact, the very definition of Lower includes "be expected to affect". Rather to meet the Medium Violation Risk Factor definition a violation of the requirement must directly affect the electrical state or capability of the BPS, directly affect the ability to monitor and control the BPS or in the planning time frame, under emergency abnormal, or restorative conditions, could meet either of the previous two. Therefore, since there is not a direct relationship or impact on the bulk electric system that overselling ATC/AFC leads to firm load shedding, by definition the VRF does not meet the "Medium" criteria. The MRO NSRS believes the VRF should remain "Lower". MRO NSRS believes NERC incorrectly applied Guideline 2 to the requirements. The FERC in their Guideline 2 calls for consistency within requirements and sub-requirements. What NERC lists as Guideline 2 is their interpretation/paraphrasing and is not correct. NERC states that if $X=A+B$ and X is higher, then "A" and "B" must be higher. The MRO NSRS strongly disagrees with NERC's conclusion, and believes it is not necessary for "A" or "B" to be higher for "X" to be higher. In the ten plus years since FERC mandated open access and set firm transmission service at the same level of NITS and NNL, please give us an example when firm load was ever shed from "overselling" transmission service? We cannot identify any examples. There are so many ways to mitigate a transmission overload, such as redispatch and reconfiguration, that it is highly unlikely that an entity will ever have to shed load due to selling transmission service. After all, selling firm transmission service does not create more load. As long as the TTC/TFC is less than the SOL/IROLs, there is no overselling firm service that would potentially require load shedding to maintain such service. Maintaining the firm service is not the top priority, serving load is. Firm service can be curtailed under TLR 5 without shedding load.</p>
<p>NERC Staff Response: NERC staff recognizes the role of TRM in protecting reliability and mitigating risk to the transmission system. However, TRM is intended to be used to address unforeseen events or to address changes in assumptions (as described by the commenter); it should not used to address cases where a Transmission Service Provider has deviated from its own practices for determination of Firm ATC, as this is not consistent with the definition of TRM. The commenter's suggestion that CBM should be used in a similar fashion is not consistent with the definition of CBM.</p> <p>NERC staff further notes that the definition of Lower provided by the commenter is taken out of context. The definition of criteria for "Lower," when read in full, indicates that a violation <i>would not</i> be expected to affect and directly affect the BPS.</p>		

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Organization	Yes or No	Question 1 Comment
		<p>NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not “must” directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p> <p>NERC staff has reviewed FERC’s Guideline 2 with FERC staff, and believes that the provided interpretation is correct.</p> <p>NERC staff respects the commenter’s opinion that “that it is highly unlikely that an entity will ever have to shed load due to selling transmission service.” Again, NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System.</p> <p>Stating that Firm service can be curtailed under TLR 5 without shedding load is correct, but NERC staff notes that it is also possible that Firm service curtailed under TLR can result in shedding load.</p>
Santee Cooper	No	<p>The buying of ATC through OASIS is simply a reservation system. ATC has to be scheduled before the energy is allowed to flow. Selling of ATC is simply a reservation and there is not a direct relationship to load shedding. ATC has to be scheduled and there are barriers in place to prevent over scheduling. Real-time and next day studies are performed to detect potential SOL or IROL violations. If potential violations are detected, actions are taken to eliminate them.</p>
<p>NERC Staff Response: NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p>		
Southern Company - Transmission	No	<p>We feel that the question itself is misleading by inferring that firm load would be shed when an inaccurate ATC is made. Also, we feel that no TSP would sell an unlimited amount of ATC. There is no direct relationship between selling ATC and exceeding SOL/IROLs because not all ATC, once sold, must be scheduled to move energy. There are many barriers that prevent overselling from resulting in over-scheduling. The Reliability Coordinators are required to perform Operational Planning Analyses for the next day and Real-Time Assessments intra-day to detect and prevent any IROL violations. Also, there are other mitigating measures that exist that would reduce or eliminate the probability of shedding load to prevent any SOL/IROL violations. These would include, but are not limited to, system reconfiguration, reserves, generation re-dispatch and utilizing other external resources. Utilizing the TLR process is also available if needed, as a last resort. It is important to note that if an entity would have to resort to shedding load while exceeding the ATC, there are likely other extenuating causes other than an inaccurate ATC calculation. For example, abnormal system events or multiple contingencies could affect or reduce the TTC of the interface resulting in a lower ATC.</p>

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Organization	Yes or No	Question 1 Comment
<p>NERC Staff Response: NERC staff agrees that the sale of ATC does not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold. Note that this standard does not prohibit entities from exceeding the available ATC, but does require that entities utilize the documented ATC equations to ensure that the entity is aware when it is exceeding available ATC.</p>		
<p>ISO/RTO Council Standards Review Committee (SRC)</p>	<p>No</p>	<p>Generally speaking, ATCs/AFCs are commercial parameter? A service, determined within reliability boundaries. This service is thus sold within reliability bounds. The concept of overselling Firm ATC/AFC is thus misapplied. To avoid overselling Firm ATC/AFC, one simply sells no more ATC/AFC when the ATC/AFC reaches zero. Transmission studies used to determine TTC/TFC are based on a set of assumed conditions. Changes to those assumptions will result in differing values of TTC/TFC. If all ATC/AFC is sold based on the latest system conditions and then those conditions change, it is possible that there may be negative ATC/AFC. Thus, the Transmission Service Planner wouldn't have sold some of the transmission reservations had it anticipated the change to the transmission system assumptions. Planners and operators regularly respond to these types of conditions and there is not a single documented case of "overselling" transmission service leading to load shedding. So how can you say the system is really oversold and what does this term really mean anyway? We believe question 3.) above demonstrates a misunderstanding of assessing Violation Risk Factors. The definition of the Violation Risk Factors does not require that there is no relationship between selling of Firm ATC/AFC and exceeding SOL/IROLs to establish that the Violation Risk Factor is Lower. In fact, the very definition of Lower includes "be expected to affect" and "directly affect". Thus, there can be a relationship and there is a relationship. To meet the Medium Violation Risk Factor definition, a violation of the requirement must directly affect the electrical state or capability of the BPS, directly affect the ability to monitor and control the BPS or in the planning time frame, under emergency abnormal, or restorative conditions, could meet either of the previous two. "Overselling" Firm ATC/AFC does not meet these criteria because there is not direct link. Selling transmission service does not automatically result in transmission flows and can't even be predicted to consistently result in transmission flows. Once a transmission customer has confirmed a transmission reservation, the customer only has a right but not an obligation to use the service. Before any flow actually occurs on the system from a transmission reservation, an E-Tag must be submitted to schedule the service and all reliability entities (BA, TSPs) must approve the schedule. When a transmission constraint exists on the system, power flows on critical facilities will be adjusted to allow the flow to occur without risking the interconnected system's reliability. One may argue that it is not necessary for actual flows to materialize on the transmission system because the Medium VRF definition considers the planning time frames. However, we counter that the argument is irrelevant because AFC/ATC are only calculated out 13 months and TRM is intended to account for some of the uncertainties that could occur this far out. Thus again there</p>

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Organization	Yes or No	Question 1 Comment
		<p>is no direct connection. Does planning horizon even apply? In the ten+ years since FERC mandated open access and set firm transmission service at the same level as NITS and NNL, please give us an example when firm load was ever shed from “overselling” transmission service? We can’t identify any examples. There are so many ways to mitigate a transmission overload such as redispatch and reconfiguration that it is highly unlikely that an entity will every have to shed load due to selling transmission service. After all, selling firm transmission service does not create more load.</p>
<p>NERC Staff Response: NERC staff agrees that the sale of ATC dos not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold. Note that this standard does not prohibit entities from exceeding the available ATC, but does require that entities utilize the documented ATC equations to ensure that the entity is aware when it is exceeding available ATC.</p> <p>NERC staff further notes that the definition of Lower provided by the commenter is taken out of context. The definition of criteria for “Lower,” when read in full, indicates that a violation <i>would not</i> be expected to affect and directly affect the BPS.</p> <p>NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not “must” directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p> <p>NERC staff respects the commenter’s opinion that “that it is highly unlikely that an entity will ever have to shed load due to selling transmission service.” Again, NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System.</p>		
Independent Electricity System Operator	No	<p>Generally speaking, ATCs/AFCs are commercial parameter? A service, determined and sold within reliability boundaries. The concept of overselling Firm ATC/AFC is thus misapplied. Selling ATCs/AFCs, firm or otherwise, is a business decision that should be governed by standard business practices, not reliability standards. We have a concern that NERC reliability standards are used to govern proper business behaviors. From a process viewpoint, over selling transmission service does not automatically result in power flowing on the transmission network. Once a transmission customer has confirmed a transmission reservation, the customer only has a right but not an obligation to use the service. Before any power actually flows on the system to exercise a transmission reservation, an Arranged Interchange must be submitted to enable implementation of the arranged transaction using the reserved service. The responsible entities (BA, TSPs) must approve the Arranged Interchange before it becomes a Confirmed Interchange. When a transmission constraint exists on the system, power flows on critical facilities will be adjusted to allow the flow to occur without risking the interconnected system’s reliability. This is far from shedding firm load to preserve reliability. And even when over-sold transmission services are used that result in a transmission constraint or SOL/IROL exceedences, the TOP and RC can implement available control measures to mitigate these constraints. In brief, to use NERC reliability standards to</p>

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Organization	Yes or No	Question 1 Comment
		<p>govern a business decision is inappropriate, and to suggest that over selling of Firm ATC/AFC will result in affecting the control and reliability of the BES, which is the basis for a Medium VRF, is ungrounded. We therefore do not agree that the accurate determination of ATCs and AFCs to avoid overselling of Firm ATC/AFC bears any Medium risk. Finally, accurate determination of ATCs and AFCs may not prevent a TSP from overselling, making this argument moot. That said, the only requirements that may warrant a Medium VRF would be those associated with the determination of TTCs/TFCs as they set the reliability boundaries for subsequent ATC/AFC calculations, and specific requirements for the use of CBM and TRM. Please see our specific comments below on the latter 2 items. We are unable to identify any cases where firm load was shed as a result of "overselling" transmission services in the ten+ years since FERC mandated open access and set firm transmission service at the same level of NITS and>NNL. There are many ways to mitigate a transmission overload such as redispatch, reconfiguration and implementing the transmission loading relief procedure before any load gets shed to accommodate use of reserved transmission services. We would also point out that by interrupting>NNL, native load is not necessarily curtailed. It is that portion of the transmission capability that is used for supplying Network and Native Load that needs to be interrupted. System readjustment, redispatch, purchases, etc. can provide the required>NNL adjustments.</p>
<p>NERC Staff Response: NERC staff agrees that the sale of ATC does not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold. Note that this standard does not prohibit entities from exceeding the available ATC, but does require that entities utilize the documented ATC equations to ensure that the entity is aware when it is exceeding available ATC.</p> <p>NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not "must" directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p> <p>NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p>		
ERCOT Inc.	No	<p>Selling Firm ATC/AFC is a commercial activity. The system is operated in real time through redispatch of generation, TLRs or other actions so that SOLs/IROLs are not exceeded and no firm load is shed. Overselling firm service would only require load shedding if other mitigating operating actions were not taken as mentioned above. A "Medium" VRF requires directly affecting the electrical state, capability, or monitoring and control of the BPS. The definitions of "directly" are: in a direct line, without intervening space, next in order, immediately, straight away. Overselling of ATC/AFC cannot by itself result in an</p>

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Organization	Yes or No	Question 1 Comment
		SOL or IROL, nor will an SOL or IROL occur "next in order", "immediately", or "straight away" after ATC/AFC is oversold. To equate the "direct" affect of the market action of overselling ATC/AFC with failure of a segment of the grid or generation resource is an unjustifiable stretch.
<p>NERC Staff Response: NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not "must" directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p>		
Pepco Holdings, Inc.	No	Overselling of Firm Transmission is a commercial issue, not a reliability issue. Various planning analyses following the TPL standards are used to determine the expected transfer limits that are reasonably expected for several prescribed conditions. In the operations environment, there is an on-going collection of experience in scheduling transactions and generation commitment. Operations planners commit sufficient internal deliverable resources to meet expectations of internal load and scheduled net interchange. Additionally, operations and scheduling include the ability to continue reliable operations following a range of contingencies. No matter how much FIRM ATC is sold, what matters is how much is scheduled, and that occurs in the operations planning environment.
<p>NERC Staff Response: NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p>		
Idaho Power Company	No	I do not view a violation to normally have a direct or an in-direct "affect the electrical state or the capability of the BPS". This is more a contract issue between the TP and the customer to correct an over-sold situation. Interruption and Curtailment of reservations/schedule rarely result in load shedding, declaring ATC calculations to be a "medium" risk appears to be claiming the "sky is falling".
<p>NERC Staff Response: NERC staff agrees that actions can be taken to correct an oversold situation. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load. We agree that such load shedding would be rare, but its potential exists. The definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not "must" directly affect the Bulk Power System. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p>		

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Organization	Yes or No	Question 1 Comment
AEP	No	<p>Thank you for the opportunity to comment. AEP appreciates the Board’s efforts in reviewing these VRFs and seeking input from the stakeholders. We support the approach that VRFs be addressed through the established standards development process, which would include balloting by the stakeholders. PART 1: If "No," please explain either: 1.) how you avoid overselling of Firm ATC/AFC, 2.) how you mitigate the effects of such overselling such that load shedding is unnecessary, or 3.) why you believe there is no relationship between overselling of Firm ATC/AFC and exceeding SOL/IROLs. As previously described, a "Medium" VRF, if violated, could directly affect the electrical state or capability of the BPS; directly affect the ability to effectively monitor and control the BES; or could do so in a planning time frame, under emergency, abnormal, or restorative conditions. Fundamentally, it is unreasonable to conclude that the standard has a "direct affect" when ATC or AFC is not determined for all portions of the BES. Both Texas and portions of the northeast and the west do not post ATC values (and where ATC is posted it is for "paths" that extend from/to the TSP's boundaries), yet they are able to effectively monitor and control all their facilities within the BES both in normal conditions and under emergency, abnormal, and restorative conditions, irrespective if an ATC value is known or even calculated. Based on the nature of ATC and this standard, AEP believes that the stakeholder process resulted in a correct assessment of a "Lower" VRF assignment. To avoid "overselling" simply stop selling when ATC reaches zero. NERC’s VRF report to the Board does not appear to have overstated the standard’s importance of ATC (and AFC) to the reliability of the BES. It is simply not reasonable to conclude that the standard "directly affects" the BES. PART 2: “If “No,” please explain how the effects of overselling firm service would not potentially require load shedding to maintain such service.” Another key consideration in determining the VRF is that ATC/AFC is intended for planning on the BES and not intended as a real-time reliability tool. The energy flows and schedules are the reliability element in real-time. ATC/AFC is a “right to use,” not a “declaration of use” and can not be oversold as suggested in the NERC VRF report. Analogies could be drawn to a hotel reservation. Your hotel reservation may be used to plan your expected arrival, but you could still be turned away if the hotel is at maximum capacity. Similarly, ATC/AFC is useful to plan how conditions may be tomorrow, but in real-time the actual flows and schedules are the reliability element. As maximum capacity is reached, schedules are denied, existing transactions are curtailed to allow higher priority ones to be scheduled, or system reconfiguration may occur. Fortunately, this reliability element already has established tools and mechanisms, such as those found in the INT and IRO standards, that have a direct affect the electrical state or capacity of the BES and provide the ability to effectively monitor and control the BES in the various conditions that may occur.</p>
<p>NERC Staff Response: The commenter indicates that the fact that Texas and portions of the northeast and west do not post ATC is a clear justification that the analysis of ATC and AFC is not necessary for reliable operations. NERC staff notes that this standard does not mandate</p>		

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 1 Comment
		<p>the posting of ATC. NERC notes that in Texas and other parts of the country, market implementations may have resulted in physical differences that would be support for, but not require, and variance from these standards. Determination of ATC and AFC does occur in the West, and we are uncertain to which entities the commenter refers to.</p> <p>The commenter states “to avoid ‘overselling’ simply stop selling when ATC reaches zero.” NERC staff notes that the standards do not require entities to stop selling service when ATC reaches zero, as the sale of service is a commercial activity. This standard mandates that entities be aware of their ATC, not that they apply any particular rules to its sale.</p> <p>NERC staff believes the hotel analogy is appropriate, but does not agree this means that the risk is Lower. When a customer has reserved a room at a hotel and is turned away due to overbooking, the commenter assumes their will be other options of shelter for that customer. However, such alternate accommodations may not always be available, and the customer may have no choice available. Similarly (for example, in the case of a Transmission Dependent Utility), entities that have their firm service revoked may under certain conditions have no supply options and have to resort to the shedding of load.</p>
BC Transmission Corp.	No	<p>Firm ATC values are calculated from the equation $TTC = ATC + ETC + CBM + TRM - \text{Postbacks} - \text{counterflows}$ up to 13 months ahead and TTC is calculated expecting SOL/IROLs known at the time. However, SOL/IROLs may change/reduce prior to the operating hour. If TTC and calculated earlier could not be supported by the updated SOL/IROLs, and if Firm ATC calculated earlier was purchased ahead of time, an overselling Firm ATC for this particular operating hour exists. In this case, all firm services are curtailed pro rata to the extent necessary prior to the operating hour to ensure no SOL/IROLs violation. Therefore, overselling Firm ATC will not lead to a SOL/IROLs violation. Overselling of Firm ATC/AFC is not a Medium risk to the bulk electric system. What does “load shedding to maintain such service” mean? Does it mean 1) curtailing firm transmission service to TSP’s native load to allow PTP hour-ahead energy schedules using prior firm PTP service reservations, 2) curtailing firm transmission to TSP’s native load real-time due to real-time SOL/IROLs violation, or (3) shedding TSP’s native load retail-time to maintain PTP scheduling flow? (1) and (2) are not realistic since all firm services are to be curtailed pro-rata. If (2), shedding load real-time may be required as an immediate response to contingencies. This is not due to overselling firm service.</p>
<p>NERC Staff Response: NERC staff believes that pro-rata curtailment of Firm service will by definition result in either redispatch or load shedding. Redispatch will occur if the entity with the load can either re-supply from another area with sufficient transmission capacity or generate internally to make up the difference in supply. If those two options are not available, demand will need to be reduced, which may include load shedding.</p> <p>“Load shedding to maintain such service” means, for example, the pro-rata curtailment of service to all firm customers could result in redispatch within the TSPs area but load shedding in other areas (such as that of a neighboring Transmission Dependent Utility).</p>		

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Organization	Yes or No	Question 1 Comment
Georgia Transmission Corporation	No	<p>As long as Firm TTC/TFC is not exceeded, overselling of Firm ATC/AFC is not a Medium risk to the bulk electric system. Firm ATC/AFC values are simply components of the TTC/TFC equations. From the equations in MOD-028-1 and MOD-029-1, $TTC = ATC + ETC + CBM + TRM - \text{Postbacks} - \text{counterflows}$. From the equation in MOD-030-1, $TFC = AFC + ETC + CBM + TRM - \text{Postbacks} - \text{counterflows}$. As long as TTC/TFC is less than the SOL/IROLs, there is no concern with overselling of Firm ATC/AFC. Mitigation is not needed if TTC/TFC is not exceeded. SOL/IROLs directly impact TTC/TFC, not ATC/AFC. If "No," please explain how the effects of overselling firm service would not potentially require load shedding to maintain such service. Comment: As long as the TTC/TFC is less than the SOL/IROLs, there is no overselling firm service that would potentially require load shedding to maintain such service. Further, overselling is not the same as power flow on the electric system. If no one schedules on the reservation, there is no power flow to create a reliability concern.</p>
<p>NERC Staff Response: The commenter’s assertion that “as long as the TTC/TFC is less than the SOL/IROLs, there is no overselling firm service” is predicated on the assumption that TSPs will not sell service after their ATC calculates to zero. This standard does not prohibit entities from exceeding the available ATC, but does require that entities utilize the documented ATC equations to ensure that the entity is aware when it is exceeding available ATC.</p> <p>NERC staff agrees that the sale of ATC does not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold.</p>		
PJM Interconnection	No	<p>There are operational processes and procedures downstream of ATC calculations that are used by TOP’s and RC’s to ensure the reliability of the system by real-time monitoring and controlling of SOLs and IROLs. Specifically, the IRO, BAL, and INT series of standards adequately address the ability to monitor and control the BPS regardless of system conditions or pre-conditions. PJM believes that the effect of loop flow on operations has been a more significant risk than overselling ATC.</p>
<p>NERC Staff Response: NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p> <p>NERC staff notes that the MOD-001 R9 data exchange requirements, combined with the modeling requirements within the methodology standards themselves, should aid in understanding the impact of loop flow.</p>		

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Organization	Yes or No	Question 1 Comment
American Transmission Company	No	<p>There is no “direct” relationship between selling ATC/AFC and load shedding. Any time an unforeseen system condition arises there is the possibility that ATC/AFC has been oversold, but that does not mean that and SOL/IROL will be violated or that load will be shed. The problems potentially arise when ATC/AFC is oversold AND all or most of the reservations in one direction are scheduled upon AND a relatively small amount of reservations in the counterflow direction have been scheduled upon AND the amount of flow above the ATC/AFC exhausts the TRM and CBM that have been set aside for the path/flowgate. Maintaining the firm service is not the top priority, serving load is. Firm service can be curtailed under TLR 5 without shedding load.</p>
<p>NERC Staff Response: NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not “must” directly affect the Bulk Power System as the commenter seems to be suggesting. NERC staff does not believe that incorrect calculation of Firm ATC will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.</p> <p>Stating that Firm service can be curtailed under TLR 5 without shedding load is correct, but NERC staff notes that it is also possible that Firm service curtailed under TLR can result in shedding load.</p>		
Duke Energy	No	<p>Comments: There is no direct relationship between selling ATC and exceeding SOL/IROLs because there is no requirement that Firm ATC/AFC, once sold, must be scheduled to move energy. Comments: As stated above, not all firm service that is sold is scheduled. There are many barriers that prevent overselling from resulting in over scheduling. The Reliability Coordinators are required to perform Operational Planning Analyses for the next day and Real-Time Assessments intra-day to detect and prevent any IROL violations. TLRs currently in effect can prevent loading of new schedules or increases in schedules that adversely impact heavily loaded lines. Experienced system operators also must approve schedules before they are implemented. There are also remedies other than load shedding in the event that the system is overscheduled, such as redispatching generation, reconfiguring the transmission system, calling TLRs to cut schedules and deploying reserves. From the standpoint of risk to the BPS and the fact that these VRF’s are associated with a reliability standard, controlled load shedding does not necessarily indicate a significant BPS reliability risk? Especially because load shedding would normally be implemented after the previously mentioned remedies.</p>
<p>NERC Staff Response: NERC staff agrees that the sale of ATC does not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold.</p> <p>NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such</p>		

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Organization	Yes or No	Question 1 Comment
		<p>reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p> <p>NERC staff agrees that controlled load shedding does not represent BPS instability, separation, or cascading. However, controlled load shedding is clearly a result of an action affecting the electrical state or capability of the BPS.</p>
<p>Entergy Services, Inc</p>	<p>No</p>	<p>In its staff analysis, NERC states that, “[f]irm transmission service is sold to customers with the contractual obligation that the provider takes action to ensure that service is not interrupted. When operating conditions require firm transmission service to be interrupted, it is possible that customer load will be lost. Accordingly, NERC staff believes that the interruption of firm service and possible accompanying load loss directly affects the state or capability of the [Bulk Power System].” See NERC Staff Report at 3. NERC staff then uses this assumption to justify the increase of several ATC-related VRFs that involve the determination of “firm” commitments. Entergy disagrees with the underlying premise that NERC staff uses to increase ATC-related VRFs from “lower” to “medium” for several reasons. First, transmission providers are not contractually obligated to ensure firm transmission service is not interrupted, and we know of no order or regulation that finds otherwise. Second, NERC staff’s analysis assumes that the calculation of ATC/AFC reflects the actual, real-time use of the transmission system. However, calculation of ATC/AFC is accomplished through the use of models that simulate system conditions, and these models, by their very nature, are predicative tools based on assumptions subject to change during the operating and planning horizons. In fact, the Federal Energy Regulatory Commission (“FERC” or “Commission”) has recognized this fact in its orders. In its market-based rate order, the Commission stated that it, “agrees... that short-term firm reservations can be unpredictable, driven by real time system conditions.” See Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities, 119 FERC 61,295 at P 368 (2007). For longer term service, ATC calculations may be affected by changes in system topology and other factors. Generation locations, run levels, transfers of power on other transmission systems, pre-loading the transmission providers system in real time, and many other system conditions may lead to potentially overloaded facilities during real-time operation. In order to deal with such issues, procedures, such as Transmission Loading Relief (“TLR”) and Redispatch, are utilized in order to avoid the shedding of firm load. In such situations, use of Commission-accepted practices and procedures, designed to avoid the shedding of firm load, should be factored into NERC staff’s analysis and the underlying “determination” alone should not be viewed as having a direct impact on the Bulk Power System thus necessitating a VRF of ?medium.? Finally, the Commission has recognized in other contexts that congestion is an economic issue and not a reliability issue. For example, on the Entergy system, upgrades to reduce TLRs are considered economic upgrades and not reliability upgrades. See Entergy Services, Inc., 115 FERC 61,095 (2006), order on reh’g, 116 FERC 61,275 (2006). For these reasons, Entergy believes that the VRFs for ATC-related Reliability Standards should be “lower” as</p>

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Organization	Yes or No	Question 1 Comment
		approved by the stakeholders.
<p>NERC Staff Response: NERC staff concurs that “contractual obligation that the provider takes action to ensure that service is not interrupted” is a gross simplification of the Open Access provisions established by the FERC. FERC has indicated that a TSP has an obligation to plan its system such that it can meet the firm service commitments it has made, and that curtailment of Firm service should be comparable with its practices for curtailing its own Native Load Customers. We interpret this to mean that unlike non-firm service, Transmission Customers purchasing Firm service are entitled to have a reasonable expectation that their service will be available when scheduled, and may therefore plan their own resource needs accordingly.</p> <p>NERC staff recognizes that ATC/AFC is a predictive tool, and notes that none of these standards judge the accuracy of the predictions made. With regard to congestion being an economic issue, NERC staff does not disagree, and believes its standards recognize the difference between the operational needs of operating within limits versus the commercial issues of managing congestion through market mechanisms.</p>		
Progress Energy Carolina, Inc	No	<p>There is no direct relationship between selling ATC and exceeding SOL/IROLs because not all ATC, once sold, must be scheduled to move energy. There are many barriers that prevent overselling from resulting in over scheduling. The RCs are required to perform Operational Planning Analyses for the next day and Real-Time Assessments intra-day to detect and prevent any IROL violations. TLRs currently in effect can prevent loading of new schedules or increases in schedules that adversely impact heavily loaded lines. Experienced system operators also must approve schedules before they are implemented. There are also remedies other than load shedding in the event that the system is overscheduled, such as redispatching generation, reconfiguring the transmission system, calling TLRs to cut schedules and deploying reserves.</p>
<p>NERC Staff Response: NERC staff agrees that the sale of ATC does not necessarily mean that all ATC will be scheduled (but notes that it is theoretically possible), and notes that the definitions of ETC allow for determinations based on the amount of reservations expected to be scheduled, rather than those that have been sold.</p> <p>NERC staff agrees that actions can be taken to eliminate potential violations. However, in the case of Firm Service, those actions may include involuntary reductions in reservation capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.</p>		
MidAmerican Energy	Yes	<p>The LSEs are relying on firm service to serve load and if that service is oversold and curtailments need to take place, it is definitely putting LSEs at risk of shedding firm load. Inside a LMP market, firm transmission service really has no meaning, but in a bilateral environment, the calculation of firm service that is linked to a capacity purchase is very important.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment.</p>		

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Organization	Yes or No	Question 1 Comment
Salt River Project	Yes	
ReliabilityFirst Corporation	Yes	
The Southeast Coalition	Yes	

2. The analysis suggests that the accurate determination of Non-Firm ATC/AFC is “Low” risk activity, as it *cannot* lead to the unexpected shedding of firm load. Do you agree that overselling Non-Firm ATC/AFC cannot lead to an SOL or IROL violation that may necessitate the shedding of firm load?

If “No,” please describe the situation in which the overselling of Non-Firm ATC/AFC could lead to an SOL or IROL violation that necessitated the shedding of firm load

ATC Drafting Team Summary Response: The Drafting Team agrees with the NERC Staff Response.

NERC Staff Summary Response: NERC staff thanks entities for their supportive comments.

One entity suggested that non-firm ATC should be considered a medium risk, based on the manner in which some areas implement TLR curtailment of non-firm network service utilized by non-designated resources. NERC staff believes that the appropriate venue for addressing the curtailment priority of such schedules within the IDC is within the NAESB WEQ, and that the issue is unrelated to non-firm ATC.

Organization	Yes or No	Question 2 Comment
The Southeast Coalition	No	Comments: In certain regions of the country, transactions within a control area, i.e. internal-transactions, with a NERC priority 6 are not curtailed under TLR because they are not considered “interchange” transactions and thus, they are not processed by the IDC. These non-firm internal-transactions are curtailed along with Network and Native Load (NNL) service in TLR events. Thus, in these regions, overselling of non-firm NERC priority 6 internal-transactions could lead to curtailment of firm service.
NERC Staff Response: NERC staff recognizes this scenario, and notes that it is more closely related to curtailment, rather than ATC. The ATC standards include the analysis of these transactions within non-firm ETC. The appropriate venue for addressing the curtailment priority of such schedules within the IDC is within the NAESB WEQ.		
Pepco Holdings, Inc.	Yes	As discussed in comments to Question 1, operational processes will protect against this.
NERC Staff Response: Thank you for your supportive comment.		
MidAmerican Energy	Yes	Non-firm service should be used for economic purchases only.
NERC Staff Response: Thank you for your supportive comment.		
Duke Energy	Yes	Comments: The determination of Non-Firm ATC/AFC is a “Lower” risk activity because it can not directly affect the electrical state or the capability of the BPS, or the ability to effectively monitor and control the

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Organization	Yes or No	Question 2 Comment
		BPS.
NERC Staff Response: Thank you for your supportive comment.		
Orlando Utilities Commission	Yes	The overselling of Non-Firm by itself will not lead to the unexpected shedding of firm load.
NERC Staff Response: Thank you for your supportive comment.		
SERC OC Standards Review Group	Yes	
Bonneville Power Administration	Yes	
Midwest ISO Standards Collaborators	Yes	
MRO NERC Standards Review Subcommittee	Yes	
Santee Cooper	Yes	
Southern Company - Transmission	Yes	
ISO/RTO Council Standards Review Committee (SRC)	Yes	
Independent Electricity System Operator	Yes	
Salt River Project	Yes	

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Organization	Yes or No	Question 2 Comment
ERCOT Inc.	Yes	
ReliabilityFirst Corporation	Yes	
Idaho Power Company	Yes	
AEP	Yes	
BC Transmission Corp.	Yes	
Georgia Transmission Corporation	Yes	
PJM Interconnection	Yes	
American Transmission Company	Yes	
Entergy Services, Inc	Yes	
Progress Energy Carolina, Inc	Yes	

3. The analysis suggests that the correct determination and availability of CBM for use by entities in an energy-deficiency situation is a “Medium” risk activity. Incorrect determination of CBM or not having it available when it is needed may result in load shedding or other operational actions that have a direct impact on the ability to control the BPS. Do you agree that not having CBM available may necessitate the shedding of firm load or impact the ability to control the BPS?

If “No,” please explain how entities depending on CBM can meet their operational needs without consideration of load shedding when that CBM is unexpectedly not available.

ATC Drafting Team Summary Response:

A majority of the drafting team did not agree with NERC staff’s analysis that incorrect determination of CBM or not having it available when it is needed is a “Medium” risk activity. NERC staff’s analysis describes determination of CBM as having a “direct effect” on the Bulk Power System (BPS). The majority does not agree that CBM calculations have a “direct effect” on the BPS as described for a “Medium” risk activity in the current definitions of NERC’s VRFs. There are operational processes and procedures downstream of CBM calculations that are used by entities to ensure system reliability is maintained based on actual real time conditions. The IRO, BAL, and INT series of standards address the ability to monitor and control the BPS regardless of system conditions or preconditions. There are significant barriers that prevent incorrect determination of CBM or not having it available when it is needed from leading to load shedding. Examples – (i) experienced system operators must approve schedules before they are implemented, (ii) Reliability Coordinators perform Operational Planning Analyses for the next day and Real Time Assessments intraday to prevent SOL/IROL violations, (iii) system reconfiguration, (iv) deploying reserves, (v) generation redispatch, (vi) use of external resources. The ATCTDT is unaware of any evidence that incorrect determination of CBM or not having it available when it is needed has ever resulted in load shedding, and believes such load shedding would be extremely unlikely.

NERC Staff Summary Response:

NERC staff believes that the correct determination and availability of CBM for use by entities in an energy-deficiency situation is a “Medium” risk activity, as it has the potential to lead to the unexpected shedding of firm load or other operational actions that have a direct impact on the ability to control the BPS. NERC staff believes it is irrelevant that actions can be taken to mitigate that increased risk.

Some entities argue that since provision of CBM is voluntary, the standard CBM standard should not have a “Medium” VRF. NERC staff agrees that the CBM standard is not mandatory. Entities that choose not to maintain CBM have no need to adhere to the CBM standard. However, an entity that does choose to maintain CBM in so choosing creates an obligation with regard to that CBM. Much like Firm transmission service, entities may choose to depend on CBM to serve load during emergency situations. If a Transmission Service Provider has offered CBM, but has not correctly calculated it, that dependency may be invalid, resulting in that entity being unable to serve their load during times of crisis.

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Organization	Yes or No	Question 3 Comment
Santee Cooper	No	See comments on Question 5.
NERC Staff Response: Please see response to question 5.		
ERCOT Inc.	No	A “Medium” VRF requires directly affecting the electrical state, capability, or monitoring and control of the BPS. The definitions of “directly” are: in a direct line, without intervening space, next in order, immediately, straight away. CBM cannot by itself result in an SOL or IROL, nor will an SOL or IROL occur “next in order”, “immediately”, or “straight away” after an erroneous CBM is posted.
NERC Staff Response: NERC staff notes the definition of Medium indicates that a violation <i>could</i> directly affect the Bulk Power System, not “must” directly affect the Bulk Power System as the commenter claims. NERC staff does not believe that incorrect calculation of CBM will always result in reliability concerns, but clearly it could, therefore meeting the criteria for a VRF of Medium.		
Pepco Holdings, Inc.	No	CBM is used in a planning horizon, along with long term forecasts and internal deliverability studies to determine the required level of internal resources. As necessary or desired for economics, transactions will be scheduled in to serve internal load. As discussed previously, there are operational processes and procedures downstream of ATC (and CBM) calculations that are used by TOP’s and RC’s to ensure the reliability of the system by real-time monitoring and controlling of SOLs and IROLs. Tools include scheduling and Redispatch of generation resources.
NERC Staff Response: NERC staff agrees that CBM may be considered in the planning horizon, but the use (scheduling) of CBM is a current-hour occurrence. NERC staff agrees that actions can be taken to eliminate potential SOL and IROL violations. However, in the case of CBM, those actions may include involuntary reductions in schedule capacity prior to or concurrent with real-time operations. Depending on how far in advance such reductions occur, NERC staff believes that these reductions can lead to the inability to serve load.		
Idaho Power Company	No	The decision to hold and have available CBM capacity is dependant on the amount of margin a LSE hold internal to its system or because of its location within the interconnection. One can not make a blanket assumption that not having CBM will necessitate the shedding of firm load. Shedding of load is one means to restore a L&R balance, but that does not mean the electrical state or capability of the BPS has been affected.
NERC Staff Response: NERC staff does not believe that the standard requires the calculation of CBM; only that if it is required, it be		

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Organization	Yes or No	Question 3 Comment
accurate. NERC staff believes that shedding of load is a result of not having capability on the BPS, and that lack of capability can be caused by incorrect analyses of that capability performed in advance of real-time.		
AEP	No	Once again, the MOD-004-1 standard is only applicable to those areas that “maintains CBM” (per R1). Fundamentally, it is unreasonable to conclude that CBM has a “direct affect” when the determination or calculation of CBM is one of choice and is not required for all participants on the BES. Many TSPs do not maintain CBM, yet each a”e able to effectively monitor and control their facilities within the BES both in normal conditions and under emergency, abnormal, and restorative conditions. Based on the elective nature of this standard, AEP believes that the stakeholder process resulted in a correct assessment of a “Lower” VRF assignment. While mentioned, NERC’s VRF report to the Board does not include an examination of the optional nature of this standard and, inadvertently, may have overstated the standard’s importance to the BES. With this understanding, it would not be reasonable to conclude that the standard “directly affects” the BES for some areas, but is not necessary in other areas to prevent this “direct affect” on the BES.
NERC Staff Response: NERC staff agrees that this standard is applicable only to those entities that maintain CBM. Entities that choose not to do so have no need to adhere to this standard. However, an entity that does choose to maintain CBM in so choosing creates an obligation with regard to that CBM. Much like Firm transmission service, entities may choose to depend on CBM to serve load during emergency situations. If a Transmission Service Provider has offered CBM, but has not correctly calculated it, that dependency may be invalid, resulting in that entity being unable to serve their load during times of crisis.		
BC Transmission Corp.	No	Setting aside CBM is not a mandatory requirement.
NERC Staff Response: NERC staff agrees that this standard is not mandatory. Entities that choose not to maintain CBM have no need to adhere to this standard. However, an entity that does choose to maintain CBM in so choosing creates an obligation with regard to that CBM. Much like Firm transmission service, entities may choose to depend on CBM to serve load during emergency situations. If a Transmission Service Provider has offered CBM, but has not correctly calculated it, that dependency may be invalid, resulting in that entity being unable to serve their load during times of crisis.		
PJM Interconnection	No	PJM uses CBM as a margin in the ATC calculation and does not schedule CBM like a reservation, therefore not having CBM available will not result in load shedding on the PJM system. There are other methods to import the required energy into PJM. In addition, there are operational processes and procedures downstream of ATC calculations that are used by TOP’s and RC’s to ensure the reliability of the system by real-time monitoring and controlling of SOLs and IROLs. Specifically, the IRO, BAL, and INT series of standards adequately address the ability to monitor and control the BPS regardless of system conditions or pre-conditions.

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Organization	Yes or No	Question 3 Comment
<p>NERC Staff Response: NERC staff believes that regardless of whether or not CBM is scheduled like a reservation, the accuracy of the determination of CBM may have reliability impacts if done incorrectly.</p> <p>While NERC staff agrees that other standards address real-time ability to monitor and control the BPS, actions prior to real-time can increase the risk to the system. For example, poor planning can result in a system that is unable to serve all its load. While such an action may not result in cascading outages, it certainly cannot be managed through real-time operations without involuntary reductions in load.</p>		
The Southeast Coalition	Yes	<p>Comments: Agree. But the standard should recognize that some Load Serving Entities (LSEs) do not need CBM because the availability and diversity of third-party generation sources located in and around these entities ensure availability of imports into these LSEs. All LSEs should be required to perform a CBM requirement analysis in a transparent manner. A CBM requirement of zero could be a valid conclusion for some LSEs.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment. NERC staff believes that the standard does not require LSEs that do not need CBM to take any actions.</p>		
MidAmerican Energy	Yes	<p>This would only apply if the LSE is relying on CBM in resource adequacy. If the CBM = 0 then my answer would be "NO"</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment.</p>		
Duke Energy	Yes	<p>Comments: It may necessitate shedding firm load only if the entity in an energy-deficient situation is counting on it to access energy.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment.</p>		
SERC OC Standards Review Group	Yes	
Midwest ISO Standards Collaborators	Yes	
MRO NERC Standards Review Subcommittee	Yes	

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Organization	Yes or No	Question 3 Comment
Southern Company - Transmission	Yes	
ReliabilityFirst Corporation	Yes	
Georgia Transmission Corporation	Yes	
American Transmission Company	Yes	
Entergy Services, Inc	Yes	
Progress Energy Carolina, Inc	Yes	

4. The analysis has proposed a set of Violation Risk Factors for MOD-001-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:

The ATCTDT reiterates its position described in Question 1: A majority of the drafting team did not agree with NERC staff’s analysis that the accurate determination of ATC/AFC is a “Medium” risk activity. Accordingly, the ATCTDT believes that none of the VRFs in MOD-001-1 should be higher than “Lower.”

With specific regard to R6 and R7, some commenters suggested that R6 & R7 should be assigned a lower VRF. Requirement 6 and Requirement 7 of MOD 1 establish that ATC/AFC/TTC/TFC should be calculated using criteria no more restrictive than that used in the planning of operations. NERC Staff justified a “Medium” VRF on Firm ATC based on the premise that miscalculation, that is the selling of more Firm ATC than the system can actually accommodate could result in interruption of customers, and thereby affect the grid. NERC staff then assigned R6 and R7 a medium VRF based on the Guideline 2 from FERC, on the grounds that valid calculation of ATC/AFC/TTC/TFC is dependent on these requirements. The ATCTDT does not agree with this assessment of these requirements. Failure by an entity to comply with R6 and R7 would reduce the ATC/AFC made available, and because the “Medium” VRF is based on the premise of too much ATC being calculated for sale, it would not be applicable to R6 and R7 which can only result in lower ATC/AFC/TTC/TFC values. The other argument for “medium” was the application of Guideline 2 from FERC, which requires that directly interconnected requirements share the same VRF. R6 and R7 do not directly support the calculation of ATC/AFC/TTC/TFC but instead are assessing those calculations to determine if they are fair and non-discriminatory. An entity could completely ignore R6 and R7, precisely comply, exceed or violate these requirements and it would not affect their ability to accurately calculate ATC/AFC/TTC/TFC, only the “fairness” of the value. Therefore the ATCTDT agrees with the commenter’s and recommends that MOD 001 R6 and R7 be a “lower” VRF.

With specific regard to R3, R4, and R5, the ATCTDT believes these requirements pertain to documentation and do not rise to the level of Medium as recommended by NERC staff. For example, a mistake in documentation may be limited to the posted documents while the actual data, models, calculations, or values may be correct.

NERC Staff Summary Response:

NERC Staff believes that with regard to MOD-001-1, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
SERC OC Standards Review Group	No	We feel R1, R3, R6 and R7 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS. Individual SERC members will provide more specific reasons for their disagreement with changes suggested by NERC Staff in their individual comments.
NERC Staff Response: NERC staff disagrees, and believes that FERC Guideline 2 applies to R1, R3, R5, and R6.		
Bonneville Power Administration	No	BPA believes all requirements of MOD-001-1 should have a “Lower” VRF as this standard’s requirements only speak to the calculation of ATC/AFC values? Reliability is not endangered by the overselling of ATC, but rather by the over scheduling of the system, which these standards do not address.
NERC Staff Response: NERC staff disagrees, and notes that these standards do not address the overselling of ATC. Rather, they address ensuring that Transmission Service Providers have a reasonably accurate understanding of the relationship between the transmission commitments they have made and the capability of their system. As discussed previously, NERC staff believes that over scheduling can be a result of an inaccurate understanding of that relationship.		
Midwest ISO Standards Collaborators	No	Based on our arguments in question 1, we believe all the VRFs for this standard should be Lower.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
MRO NERC Standards Review Subcommittee	No	Based on the MRO NSRS arguments in question 1, the MRO NSRS believes all the VRFs for this standard should be “Lower”. None of the requirements for MOD-001-1 directly impacts the reliability of the BPS.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
Santee Cooper	No	R1 requires the selection of an ATC methodology. Selection of an ATC methodology does not have a direct affect on the reliability of the BPS. This VRF should be changed back to Lower.R3 requires the TP to have an ATCID. A requirement for having documentation does not have a direct affect on the reliability of the BPS. This VRF should be changed back to Lower.R6 and R7 These requirements relate to more of a business practice for the industry and have no direct affect on the reliability of the BPS. The VRFs for R6 and R7 should be changed back to Lower.R9 requires a that data be provided to others within 30 calendar days. If data does not have to be provided until 30 days then it does not have

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
		an immediate affect on the BPS so the VRF for this requirement should be changed back to Lower.
<p>NERC Staff Response: NERC staff disagrees, and believes that FERC Guideline 2 applies to R1, R3, R6, and R7. R9 requires data on the schedule specified by the requestor; it is not “after the fact” data. The 30 calendar days referenced is intended to allow the Transmission Service Provider a reasonable amount of time prior to implementing the data provision on the schedule requested. Accordingly, its VRF is appropriate at Medium – again, based on Guideline 2.</p>		
Southern Company - Transmission	No	We feel R1, R3, R6 and R7 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS.
<p>NERC Staff Response: NERC staff disagrees, and believes that FERC Guideline 2 applies to R1, R3, R6, and R7.</p>		
Independent Electricity System Operator	No	Based on our arguments in question 1, we believe all the VRFs for this standard should be Lower, except for R6 which addresses the TTC determination.
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
Pepco Holdings, Inc.	No	For the reasons submitted on previous questions, these VRFs should be "Lower" as developed by the industry.
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
Idaho Power Company	No	The ATC calculations help manage the commercial allocation of transmission capacity. Regardless of the amount sold. Other standards assure that the electrical state or capability of the BPS will not be affected. I believe the VRF for all MOD-001 requirements should remain "lower" as balloted and approved.
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
AEP	No	Based on our comments in Question #1, AEP agrees with the results of the stakeholder process that established “Lower” VRFs for all of the standard’s requirements and for the over-all standard.
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
BC Transmission Corp.	No	In R1 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
		<p>AFC calculations and values should only be Medium VRFs if they lead to SOL/IROLs violation. This can only occur when TTC/TFC values are greater than a SOL or an IROL or insufficient TRM is set aside. Therefore, R1 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R2 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R2 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R3 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R3 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R6 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R6 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R7 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R7 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R8 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R8 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R9 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R9 of MOD-001-1 should be Lower. Only the requirements in MOD-008-1, MOD-008-1, MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs.</p>
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
Georgia Transmission	No	<p>In R1 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to</p>

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
Corporation		<p>overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R1 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R2 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R2 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R3 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R3 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R6 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R6 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R7 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R7 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R8 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R8 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R9 of MOD-001-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R9 of MOD-001-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs.</p>

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Organization	Yes or No	Question 4 Comment
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
PJM Interconnection	No	<p>In addition to the response to question 1, PJM disagrees that the following requirements in MOD 1 will directly affect the electrical state or the capability of the BPS, or directly affect the ability to effectively monitor and control the BPS. R1 requires each Transmission Operator to select one of the several available methods for calculating ATC. Mod 28, 29 and 30 are valid methods that can be used to calculate ATC. Picking one method over another will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R2 specifies the future time periods when the ATC calculations need to be performed. The time period of calculation may be a tariff or NAESB issue but will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R3 requires each TSP to document the attributes of their ATC calculation. Documentation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R6 and R7 require that assumptions used for calculating various components of the ATC should not be more limiting than those used in the planning of operations for the corresponding time period. Using “over conservative” assumptions in the ATC calculation may be a NAESB equity issue but will not directly affect the electrical state or the capability of the BPS, or directly affect the ability to effectively monitor and control the BPS. R8 and R9 address future period calculation refresh rates and sharing of data with external entities. Neither of these requirements will directly affect the electrical state or the capability of the BPS, or directly affect the ability to effectively monitor and control the BPS.</p>
<p>NERC Staff Response: Regarding R1, NERC staff agrees that picking one method over another will not have an impact on the BPS. However, picking a methodology versus <i>not</i> picking a methodology will likely have such an impact.</p> <p>With regard to R2, R3, R6, R7, R8, and R9, NERC staff disagrees, and believes that FERC Guideline 2 applies.</p> <p>Specifically regarding the argument that violations of R6 and R7 are “over conservative” and therefore do not directly affect the electrical state or capability of the BPS, NERC staff believes this to be incorrect. While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Service Provider and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that the current deregulated environment has created new scenarios that impact reliability and must be addressed.</p>		
American Transmission Company	No	<p>Based on the response to item 1, the VRF’s for this standard should be “Lower”. Further, regarding R6 and R7, if the TO or TSP does NOT follow these requirements, the result is that the entity would calculate ATC or AFC using assumptions that are MORE LIMITING than those used in operations, which results in LESS firm ATC or AFC being made available. Underselling Firm ATC or AFC does not adversely affect the electrical state of the BPS or directly affect the ability to effectively monitor the BPS,</p>

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
		so a “Medium” VRF is not warranted.
<p>NERC Staff Response: With regard to R6 and R7, NERC staff disagrees, and believes that FERC Guideline 2 applies. Specifically regarding the argument that violations of R6 and R7 are “over conservative” and therefore do not directly affect the electrical state or capability of the BPS, staff believes this to be incorrect. While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Service Provider and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such inappropriate reductions of ATC in the current deregulated environment can have reliability implications.</p>		
Duke Energy	No	<p>Comments: The VRF for R1, R2, R3, R6, R7, and R8 should remain “Lower” because the VRF for Firm ATC as well as Non-Firm ATC should be “Lower”. In addition, R6 and R7 were designed primarily to ensure comparability, not reliability. Using assumptions in the TTC and ATC calculation that are more limiting than those used in planning of operations would most likely result in conservative TTC/ATC values. Overall the ATC Standards contain requirements that are more commercial in nature than the majority of other NERC Reliability Standards and therefore violation of the requirements in the ATC Standards would generally result in less risk to the reliable operation of the Bulk Electric System. To support consistency of VRFs among standards the majority of the VRFs for the ATC Standards should be “Lower”. The VRF for R9 should be “Medium” because it supports Recommendation 24 of the Final Report on the August 14, 2003 Blackout.</p>
<p>NERC Staff Response: Regarding R1, NERC staff agrees that picking one method over another will not have an impact on the BPS. However, picking a methodology versus <i>not</i> picking a methodology will likely have such an impact.</p> <p>With regard to R2, R3, R6, R7, and R8, NERC staff disagrees, and believes that FERC Guideline 2 applies.</p> <p>Specifically regarding the argument that violations of R6 and R7 are “over conservative” and therefore do not directly affect the electrical state or capability of the BPS, NERC staff believes this to be incorrect. While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Service Provider and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities).</p>		
Orlando Utilities Commission	No	<p>R6 & R7 should be assigned a lower VRF. The justification of a "Medium" VRF on firm ATC is based on the premise that overselling of firm ATC can result in system problems. A Violation of R6 or R7 would make less ATC available, which would not contribute to the system problems. A violation of R6 and R7 just means the TSP or TOP is not providing consistent treatment of customers, but will not result in overselling of firm ATC.</p>
<p>NERC Staff Response: With regard to R6 and R7, NERC staff disagrees, and believes that FERC Guideline 2 applies. Specifically regarding the argument that violations of R6 and R7 are “over conservative” and therefore do not directly affect the electrical state or capability of the BPS, staff believes this to be incorrect. While it may be generally true that taking an overly conservative approach will result in reduced risk for</p>		

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
		<p>the Transmission Service Provider and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such inconsistent treatment in the current deregulated environment can have reliability implications.</p>
<p>Entergy Services, Inc</p>	<p>No</p>	<p>Entergy believes that the ATC-related VRFs should be “lower” as approved by the stakeholders. See comments above. In addition, Entergy has concerns generally with NERC’s application of Guideline 2 in MOD-001-1 as well as in other ATC-related standards. It also has more specific concerns related to specific requirements of MOD-001-1. Entergy will first set forth its overarching concern with the application of Guideline 2, and then address its specific issues related to certain requirements in MOD-001-1. In its Staff Report, NERC staff has predicated its entire analysis on its finding that, “the determination of ATC can cause a direct impact on the ability to effectively monitor and control the [Bulk Power System]” [thus] the assignment of a “medium” VRF more aptly describes the general impact caused by the determination of ATC specifically and the implementation of the ATC standards in general.” Staff report at p. 3 (emphasis added). NERC staff then uses this general finding to apply Guideline 2 of the Commission’s May 18, 2007, Order on Violation Risk Factors, 119 FERC 61,145. As set forth above, Entergy disagrees with the underlying premise and believes that the requirements should reflect the “lower” VRF approved by the stakeholders. However, even if you assume that NERC staff’s assumption about the impact is correct, it has misapplied the guidelines issued by FERC for setting Violation Risk Factors. Guideline 2, as recognized by NERC Staff in its report, requires that a “requirement within a standard that is essential to achieving compliance with another requirement in the standard should have a VRF consistent with the requirement it is supporting.” Staff Report at 4 (emphasis added). In other words, Guideline 2 requires that requirements be consistent within the same standard. However, all of the requirements for MOD-001-1 were approved by the stakeholders as “lower? VRFs.” Thus, NERC staff has substituted its judgment for that of the stakeholders, and then used Guideline 2 to justify changing most of the VRFs in MOD-001 from “lower” to “medium.” Entergy believes that this is an inaccurate application of Guideline 2, which was designed to ensure consistency within a reliability standard. Thus, all of the VRFs should retain the “lower” designation approved by the stakeholders. Having said that, if NERC staff does not recommend “lower” VRFs for all of the requirements, it should, at a minimum, adopt the “lower” VRFs for certain documentation requirements. Entergy disagrees with the application of the “medium” VRF to several documentation requirements that are administrative in nature and pose no real threat to the Bulk Power System. In fact, the Commission has recognized that, “[a] “lower” risk Requirement, by definition, indicates that the corresponding Requirements are “administrative” in nature.” Mandatory Reliability Standards for Critical Infrastructure Protection, 126 FERC 61,065 (2009). Applying a “lower” VRF to administrative and documentation requirements is consistent with NERC’s approach to other Reliability Standards. In several other standards, NERC has approved lower VRFs for documentation requirements while maintaining higher VRFs for other requirements within the same standard. See CIP-005-1, CIP-007-1, FAC-008-1, NUC-001-1, PRC-004-1, PRC-016-0, and TPL-004-0. Entergy’s concerns with NERC staff’s specific findings</p>

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Organization	Yes or No	Question 4 Comment
		<p>related to VRFs for certain requirements in MOD-001-1 are as follows: Requirement R1 requires a Transmission Operator to select a single methodology for calculating ATC or AFC. The choice of a single methodology does not directly affect the reliability of the Bulk Power System and thus R1 should be a “Lower” VRF. Requirement R3 requires a Transmission Provider to keep an ATC Implementation Document. Again, documentation does not have a direct impact on the Bulk Power System and such requirements should receive a “lower” VRF.</p>
<p>NERC Staff Response: NERC staff believes that the commenter’s statements regarding the application of Guideline 2 to ensure consistency are valid. However, given that there are other VRFs which appear to incorrectly be specified a “Lower,” seeking such consistency has necessarily resulted in other changes to related VRFs.</p> <p>NERC staff believes that while in some cases, documentation is a purely administrative action, in this specific case, there are times when it is not.</p> <p>Regarding R1, NERC staff believes that picking a methodology versus <i>not</i> picking a methodology will likely affect the reliability of the BPS.</p> <p>With regard to R3, NERC staff believes this is more than a simple documentation requirement. Rather, it also incorporates rules to which the Transmission Service Provider is expected to adhere.</p>		
ITC Holdings	No	<p>ITC agrees with all changed VRFs except those for R7. While we believe this would constitute a serious violation, it would be a violation based on “discriminatory” or NAESB criteria and not NERC reliability criteria. If assumptions were “less limiting” than operational planning criteria, it would meet Medium VRF criteria but having “more limiting” criteria would make the ATC results “discriminatory” but stronger from a reliability perspective. We recommend changing to “Lower”.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment.</p> <p>With regard to R7, NERC staff disagrees, and believes that FERC Guideline 2 applies. While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Service Provider and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such discriminatory action in the current deregulated environment can have reliability implications.</p>		
Progress Energy Carolina, Inc	No	<p>R1, and R3, should stay at a lower VRF because these requirements are documentation related and do not directly affect the reliability of the BPS. R6 and R7 should stay at a lower VRF because some of the assumptions made during the planning time frame may not be valid in a real-time calculation due to the currently known conditions of the power system.</p>
<p>NERC Staff Response: With regard to R1 and R3, NERC staff disagrees, and believes that FERC Guideline 2 applies.</p> <p>Regarding R6 and R7, NERC staff believes the commenter is expressing concern not with the VRFs, but with the content of the requirements.</p>		

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 4 Comment
<p>The requirements have already been filed with the FERC, and changes to them must be made through the Standards Development process, if the commenter so desires.</p>		
<p>ISO/RTO Council Standards Review Committee (SRC)</p>	<p>No</p>	
<p>The Southeast Coalition</p>	<p>Yes</p>	<p>Comments: Agree with all proposed risk factors except R4 & R5 VRFs. We believe that the VRFs for R4 & R5 should be set to “Medium” instead of “Lower” because it is important to notify adjacent Transmission Operators and Reliability Coordinators of changes in ATC methodology to avoid overselling which may lead to curtailment of firm service. Timely notification of ATC calculation changes among adjacent Transmission Providers/Operators is very important to have an accurate and reliable coordination of ATCs and avoid overselling of transmission service.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment. NERC staff disagrees that R4 and R5 should be Medium. R9 is intended to address the coordination concerns expressed by the commenter by requiring provision of data to be used in a Transmission Service Provider’s own determination of ATC.</p>		
<p>MidAmerican Energy</p>	<p>Yes</p>	
<p>Salt River Project</p>	<p>Yes</p>	
<p>ReliabilityFirst Corporation</p>	<p>Yes</p>	

5. The analysis has proposed a set of Violation Risk Factors for MOD-004-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:

The ATCTDT reiterates its position described in Question 3: A majority of the ATCTDT did not agree with NERC staff’s analysis that incorrect determination of CBM or not having it available when it is needed is a “Medium” risk activity. Accordingly, the ATCTDT believes that with the exception of R11 and R12, none of the VRFs in MOD-001-1 should be higher than “Lower.” Since R11 and R12 deal with the actual scheduling of CBM, the ATCTDT believes these requirements balloted VRFs of “Medium” are appropriate.

NERC Staff Summary Response:

NERC Staff believes with regard to MOD-004-1, with the exceptions or R6 and R8 noted below, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Based on comments, NERC Staff will recommend raising the VRFs for MOD-004-1 R6 and R8 from Lower to Medium. The commenter correctly points out that with regard to CBM, a mistake made within the Planning time frame cannot necessarily be corrected in the 1-year time frame.

Organization	Yes or No	Question 5 Comment
SERC OC Standards Review Group	No	We feel R1, R2, and R7 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS. Individual SERC members will provide more specific reasons for their disagreement with changes suggested by NERC Staff in their individual comments.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
Midwest ISO Standards Collaborators	No	Based on our analysis of question 1, we believe that R1-R10 should have Lower VRFs. We do believe that lack of CBM could have directly affected that electrical state of the BES, so we agree with R11 and R12 having Medium VRFs.

Consideration of Comments on ATC VRF Analysis and Recommendations Report — Project 2006-07

Organization	Yes or No	Question 5 Comment
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
MRO NERC Standards Review Subcommittee	No	Based on our analysis of question 1, we believe that R1-R10 should have Lower VRFs. The MRO NSRS does believe that lack of CBM could directly affect the electrical state of the BPS, so the MRO NSRS agrees with R11 and R12 having Medium VRFs.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
Santee Cooper	No	R1 requires the TP to have a CBMID. A requirement for having documentation does not have a direct affect on the reliability of the BPS. This VRF should be changed back to Lower.R2 requires the TP to make its CBMID available. This does not warrant a VRF of Medium and should be changed back to Lower.R7 requires notification to those that requested CBM. A notification does not warrant a VRF of Medium and should be changed back to Lower.
<p>NERC Staff Response: NERC staff believes that FERC Guideline 2 applies to R1 and R2, as described in the Staff Report. As discussed in the Staff Report, R7 may impact the operational plans of the requesting entity. Therefore, while NERC staff agrees that a violation of R7 has little or no risk to the Transmission Service Provider, it definitely can impact other users, owners, and operators of the BPS.</p>		
Southern Company - Transmission	No	We feel all requirements should stay at a lower VRF (other than R11 and R12) because we feel that these requirements do not directly affect the reliability of the BPS, that would necessitate a medium VRF.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
ISO/RTO Council Standards Review Committee (SRC)	No	Based on our analysis of question 1, we believe that R1-R10 should have Lower VRFs. We do, however, believe that for those areas that employ CBM, lack of CBM could directly affect the electrical state of the BES so we agree with R11 and R12 having Medium VRFs.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		

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Organization	Yes or No	Question 5 Comment
Independent Electricity System Operator	No	Based on our analysis of question 1, we believe that R1-R9 should have Lower VRFs. We do, however, believe that for those areas that employ CBM, lack of CBM could have a direct impact on the electrical state of the BES so we agree with R11 to R12 having Medium VRFs. R10 is a condition for requesting the use of CBM for import, it is not a reliability requirement in the context that "thou shall do this to preserve reliability". Clearly, one would violate this condition if one requests the use of CBM without declaring a NERC EEA Level 2 or higher. However, such a violation will have no adverse impact on reliability. A Lower is the appropriate VRF for this requirement.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R10, R11, and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
Pepco Holdings, Inc.	No	These VRFs should be 'Lower' as previously explained. The industry's advice has been disregarded.
<p>NERC Staff Response: NERC staff responds that the industry's advice has not been disregarded, but carefully considered and weighed against the criteria for Violation Risk Factors established within NERC's Rules of Procedure and associated appendices, as well as the guidelines provided by the FERC. To the extent the industry chooses to take action contrary to those criteria and guidelines, NERC must address those actions in a responsible manner consistent with its mission as the ERO.</p>		
Idaho Power Company	No	The CBM calculations help manage the commercial allocation of transmission capacity. Regardless of the amount sold. Other standards assure that the electrical state or capability of the BPS will not be affected. I believe the VRF for all MOD-004 requirements should remain as balloted and approved.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
AEP	No	Based on our comments in Question #3, AEP agrees with the results of the stakeholder process that established "Lower" VRFs for all of the standard's requirements and for the over-all standard.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
Georgia Transmission Corporation	No	In R1 of MOD-004-1, NERC staff recommends a Medium VRF; it should be listed as Lower. CBM must be released as non-firm transmission when it is not needed for CBM, and many entities do not use CBM. These are economic decisions that each entity makes with the approval of the entity's regulator. Only the requirements in MOD-004-1 that allow scheduling to implement the decisions in the same-day time horizon should be listed as Medium. In R2 of MOD-004-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely documentation and sharing of documentation. Only the requirements in MOD-004-1 that allow scheduling of CBM in the same-day

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Organization	Yes or No	Question 5 Comment
		<p>time horizon should be listed as Medium. In R5 of MOD-004-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely posting of studies and allocation of CBM. Only the requirements in MOD-004-1 that allow scheduling of CBM in the same-day time horizon should be listed as Medium. In R7 of MOD-004-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely documentation and sharing of documentation. Only the requirements in MOD-004-1 that allow scheduling of CBM in the same-day time horizon should be listed as Medium. In R11 of MOD-004-1, NERC staff recommends a Medium VRF; we agree that it should be listed as Medium. Only the requirements in MOD-004-1 that allow scheduling of CBM in the same-day time horizon should be listed as Medium. In R12 of MOD-004-1, NERC staff recommends a Medium VRF; we agree that it should be listed as Medium. Only the requirements in MOD-004-1 that allow scheduling of CBM in the same-day time horizon should be listed as Medium.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
PJM Interconnection	No	<p>In addition to the response to question 1, PJM disagrees that the following requirements in MOD 4 will directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R1 requires each TSP that maintains CBM to document the attributes of their CBM calculation. Documentation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R2 requires the TSP make the CBM documentation available to external entities. Making documentation available to external entities will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R4 provides a description of several valid types of methods available for the CBM calculation and requires the TSP to choose one method. The mathematical method of calculation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R5 specifies the periodicity of the CBM calculation. The periodicity of calculation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS.</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
American Transmission Company	No	<p>Comments: Only requirements dealing with the use of CBM in the real-time operating horizon (R11 and R12) should be given VRF's of "Medium". All other should be given a VRF of "Lower" because they do not "directly" affect the electrical state or capability of the BPS. Determining the amount of CBM "allocated" and "used" is a bookkeeping exercise. There should not be a circumstance under which an energy deficient entity with sufficient import ties is denied use of CBM and is forced to shed load. In the planning horizon, a certain amount of CBM is set aside in order to provide the breathing room necessary</p>

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Organization	Yes or No	Question 5 Comment
		to serve load in severe resource outage scenarios, but in an operational emergency the firm service other than CBM can be curtailed to allow the load in question to be served. Sink points of any curtailed firm service would then either acquire new service on paths that do not exacerbate any overloads or could rely on CBM themselves in order to not shed load.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R11 and R12.</p> <p>NERC staff disagrees with your other comments on the other requirements, for the reasons provided in the Staff Report. To indicate that shedding of load will not occur because other Firm curtailments implies that no matter what the scenario, there will always be a way to serve all load without exceeding an IROL or SOL. NERC staff does not agree that this is a valid premise upon which to base the operation of the BPS.</p>		
Duke Energy	No	Comments: R1, R2, R7, R11 and R12 are the only requirements that should be assigned a “Medium” VRF. Denial of access to available CBM is more likely to directly affect the electrical state of the BPS than correct Firm ATC determination because this deals with actual scheduling, in an energy deficient state. The VRF for R5 should remain “Lower” rather be assigned “Medium”. If the TSP does not establish a CBM no entity will be erroneously depending on it.
<p>NERC Staff Response: NERC staff thanks you for your supportive comments on R1, R2, R7, R11 and R12.</p> <p>With regard to R5, NERC staff agrees that no entity will be erroneously depending on it, but that does not necessarily mean that their need is not genuine. Given that need, it seems that not calculating a CBM value may cause that entity to rely on other means (for example, non-firm service) that may not be as likely to ensure reliable access to generation sources.</p>		
Entergy Services, Inc	No	Please see comments above regarding Entergy’s disagreement with the underlying premise that NERC staff uses to increase ATC-related VRFs from “lower” to “medium” and to justify increasing VRFs for documentation and administrative requirements from “lower” to “medium.” Regarding specific requirements, Entergy offers the following comments: Requirement R1 requires only administrative information and descriptions for inclusion in the CBMID. We therefore recommend this VRF remain at “lower” and not be changed to “medium.” Requirement R2 requires a Transmission Provider to make its CBM Implementation Plan available to Transmission Operators, Transmission Service Providers, Reliability Coordinators, Transmission Planners and Planning Coordinators. As set forth above, administrative activities do not affect the Bulk Power System and thus should be given a VRF of “lower.” In addition, NERC staff’s proposal to give this requirement a “medium” VRF is inconsistent with the “lower” VRF assigned to MOD-001-1 R5, which requires that the ATC Implementation Plan be made available to the same entities. Requirement R7 requires only administrative information be passed to LSEs and RPs. We therefore recommend this VRF remain at “lower” and not be changed to “medium.”
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		

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Organization	Yes or No	Question 5 Comment
ITC Holdings	No	ITC agrees with all changed VRFs, however we disagree with lower VRF for R6 and R8. The logic that you are at least a year or two away from a reliability problem if a planner fails to determine appropriate CBM is “short-sighted”. CBM is a margin designed to prevent sales of transmission service so that it can be used in an emergency to serve load and thus prevent unnecessary load shedding. If insufficient CBM is preserved and firm service, particularly any long term firm service, is sold, there will not be sufficient CBM when that year or two (or five) is up. Given the time frame required for planning most transmission upgrades or generator resource additions, the planner may and likely will not have time to rectify the situation. Once the service is sold as firm, it cannot be rescinded. Postponing a reliability problem is not a justification for lower VRF, we strongly recommend changing to this to “Medium” and believe it meets the criteria stated for this, particularly within the first 5 year time frame. With regard to R8, this is more of a problem for the resource planner. CBM represents a resource to them and failure to notify them may result in there having insufficient time to acquire additional resources. We believe the SDT put this requirement in for good reason. We suggest a medium VRF.
NERC Staff Response: NERC staff agrees with your recommendation, and will propose increasing the Violation Risk Factors for R6 and R8 to Medium as suggested.		
Progress Energy Carolina, Inc	No	R1 and R2 should stay at a lower VRF because these requirements are documentation related and do not directly affect the reliability of the BPS. R7 should stay at a lower VRF because the requirements impact the way Firm ATC is determined or approved.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
ReliabilityFirst Corporation	Yes	
MidAmerican Energy	Yes	

6. The analysis has proposed a set of Violation Risk Factors for MOD-008-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:

Most commenter’s pointed out that the overselling of ATC does not impact system reliability directly, and therefore MOD-008-1 standard requirements should all be lower. The ATCTDT reiterates its position described in Question 1: A majority of the ATCTDT did not agree with NERC staff’s analysis that the accurate determination of ATC/AFC is a “Medium” risk activity. Accordingly, the ATCTDT believes that none of the VRFs in MOD-008-1 should be higher than “Lower.”

Some commenter’s also suggested that R1 and R2 should be assigned a lower VRF even if overselling of ATC is assigned a medium VRF, since R1 and R2 do not require calculation of TRM, but instead set documentation and boundary limits on an entity that chooses to use TRM. The ATCTDT agrees with these comments and provides our reasoning below.

NERC Staff justified a “Medium” VRF on Firm ATC based on the premise that miscalculation, that is the selling of more Firm ATC than the system can actually accommodate could result in interruption of customers, and thereby affect the grid. Based on that premise and Guideline 2 from FERC (supporting requirements & VRF) the NERC staff report assigned a Medium VRF to some of the Requirements in MOD 008. The ATCTDT agrees with many of the commenters regarding this change in VRF’s values and disagrees with NERC Staff on most. The ATCTDT will address each of the requirements separately below.

Requirement 1 does not require an entity to calculate TRM. Requirement 1 requires an entity to document how they calculate TRM, how they allocate it across paths and how it is used in different time frames. Staff’s assignment of Medium is based on two incorrect premises. The first is that a violation of R1 could result in overselling of ATC. Since R1 does not require calculation of TRM or set any sort of minimum on TRM, a violation will not increase available ATC, therefore overselling will not occur. The other argument was that FERC Guideline 2 requires mandatory supporting requirements receive the same VRF. As already stated, R1 does not require TRM, it only permits it if desired by the entity, so it is not a mandatory supporting requirement to the ATC calculation. An entity may elect to not use TRM, and therefore not have to comply with the standard at all. A violation of R1, would not result in a violation of other requirements in MOD 1 that are assigned Medium VRF’s. Therefore the drafting team recommends the VRF for R1 be set to “lower”

Requirement 2 does not require an entity to calculate TRM. Requirement 2 does limit what may be considered in TRM, effectively establishing an upper limit or boundary on entities’ TRM. A violation of R2 could not result in overselling of ATC, therefore a Medium VRF should not be assigned based on that risk. Since an entity is not required to include TRM in calculating ATC and a violation of R2 would not prevent them from using the improper TRM in the calculation of ATC it **is not a mandatory** supporting requirement. A violation of R2, would not result in a violation of other requirements in MOD 1 that are assigned Medium VRF’s. Therefore the ATCTDT recommends the VRF for R2 be set to “Lower.”

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Requirement 3 requires making the TRMID available and allows for technical review. The ATCTDT agrees with the NERC Staff recommendation of a lower VRF.

Requirement 4 requires that a TOP that has elected to maintain TRM must determine that TRM value once every 13 months. For R4 to apply, a TOP has made the decision that TRM is an essential factor in properly calculating ATC, in particular Firm ATC. For Entities who determine TRM in a fashion where recalculation every 13 months could result in a change in the TRM value, failure to perform that recalculation could result in the overselling of firm ATC. Therefore if the overselling of firm ATC is considered to have a “medium” VRF, then this requirement must also have a “medium” VRF. For nonfirm ATC and for entities that use a method that would not result in TRM changes due to recalculation this argument would not apply, however since the requirement applies to both situations, the higher VRF has to take precedence. Therefore the ATCTDT recommends the VRF for R4 be set the same as the VRF for overselling firm ATC.

Requirement 5 requires that a TOP that has elected to use TRM must communicate the value to its Transmission Service Provider and Transmission Planner within 7 days of it being established or changed. For R5 to apply the TOP has made the decision that TRM is an essential factor in properly calculating ATC, in particular Firm ATC. Since an established or changed TRM value could reduce the firm ATC available, and therefore failing to provide it in a timely fashion to the entity performing the ATC calculation could result in overselling of Firm ATC, the same VRF that is applied to overselling of Firm ATC must be applied to Requirement 5. Therefore the ATCTDT recommends the VRF for R5 be set the same as the VRF for overselling firm ATC.

NERC Staff Summary Response:

NERC Staff believes that with regard to MOD-008, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Organization	Yes or No	Question 6 Comment
SERC OC Standards Review Group	No	We feel R1, and R2 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS. Individual SERC members will provide more specific reasons for their disagreement with changes suggested by NERC Staff in their individual comments.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Bonneville Power Administration	No	BPA believes all requirements of MOD-008-1 should have a “Lower” VRF as this standard’s requirements only speak to the calculation of TRM, which is a component of ATC/AFC values - reliability is not endangered by the overselling of ATC, but rather by the over scheduling of the system, which

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Organization	Yes or No	Question 6 Comment
		these standards do not address.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
Midwest ISO Standards Collaborators	No	We do not see how TRM can directly impact the electrical state of the BES. Based on our answer to question 1 and our response here, we believe that all the VRFs should be Lower.
<p>NERC Staff Response: By definition, TRM is a margin used to ensure reliability can be maintained in spite of unforeseen events or errors. NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
MRO NERC Standards Review Subcommittee	No	The MRO NSRS does not see how TRM can directly impact the electrical state of the BPS. Based on our answer to question 1 and our response here, the MRO NSRS believes that all the VRFs should be, “Lower”. Further, regarding R1 and R2, double-counting CBM factors in withholding TRM may results in underselling Firm ATC or AFC, but this does not adversely affect the electrical state of the BPS or directly affect the reliability of the BPS, so a “Medium” VRF is not warranted
<p>NERC Staff Response: By definition, TRM is a margin used to ensure reliability can be maintained in spite of unforeseen events or errors. NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have reliability implications.</p>		
Santee Cooper	No	R1 requires the TP to have a TRMID. A requirement for having documentation does not have a direct affect on the reliability of the BPS. This VRF should be changed back to Lower.R2 seems to relate more to a business practice for the industry and should be changed back to a VRF of Lower.R3 requires the TP to make its TRMID available. This does not warrant a VRF of medium and should be changed back to Lower.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
Southern Company - Transmission	No	We feel R1, and R2 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		

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Organization	Yes or No	Question 6 Comment
ISO/RTO Council Standards Review Committee (SRC)	No	We do not see how TRM can directly impact the electrical state of the BES. TRM is a reliability margin to cover operating uncertainties, and is one of the components used in determining ATC/AFC. Based on our answer to question 1 and our response related to the ATC/AFC here, we believe that all the VRFs for the TRM related standard requirements should be Lower.
<p>NERC Staff Response: By definition, TRM is a margin used to ensure reliability can be maintained in spite of unforeseen events or errors. Without such a margin (either explicitly declared as TRM or implicitly contained in operating assumptions), NERC staff does not believe it is possible to schedule up to the limits of the system without significant risk of exceeding those limits upon the occurrence of the first unexpected contingency. NERC staff disagrees with the recommendation that all TRM related requirements should have a VRF of Lower.</p>		
Pepco Holdings, Inc.	No	The VRFs for MOD-008-1 were raised based on raising the VRFs of lower numbered MOD standards.
<p>NERC Staff Response: NERC staff disagrees with your comments. The VRFs were raised based on the reasons provided in the Staff Report.</p>		
Idaho Power Company	No	The ATC calculations help manage the commercial allocation of transmission capacity. Regardless of the amount sold. Other standards assure that the electrical state or capability of the BPS will not be affected. I believe the VRF for all MOD-008 requirements should remain "lower" as balloted and approved.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
AEP	No	Once again, the MOD-008-1 standard is only applicable to those Transmission Operators that maintain TRM. Fundamentally, it is unreasonable to conclude that the standard has a "direct affect" when the use of the TRM is not required for all Transmission Operators on the BES. Based on the elective nature of this standard, AEP believes that the stakeholder process resulted in a correct assessment of a "Lower" VRF assignment. NERC's VRF report to the Board does not include an examination of the optional nature of this standard and, inadvertently, may have overstated the standard's importance to the TRM. With this understanding, it would not be reasonable to conclude that the standard "directly affects" the TRM for some areas, but is not necessary in other areas to prevent this "direct affect" on the BES.
<p>NERC Staff Response: NERC staff believes that if an entity chooses to manage their operating risk through the use of TRM, then that entity is under an obligation to so within the bounds of the requirements established within this standard. To the extent an entity chooses to do so in other ways, they may do so, provided the do so without violating any other NERC standard.</p> <p>For example, financial statements can use the "cash" method of accounting or the "accrual" method of accounting. The company is free to</p>		

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Organization	Yes or No	Question 6 Comment
<p>choose which method it uses, but once it has chosen a method, it is expected to follow the rules of that method. The fact that the company can choose the method does not eliminate their responsibility to implement that method correctly, nor does it reduce the importance of those financial statements being accurate and correct.</p>		
BC Transmission Corp.	No	<p>In R2 of MOD-008-1, NERC staff recommends a Medium VRF; it should be listed as Lower. An error in including CBM will increase the amount set aside for TRM but not risk SOL/IROLs violation.</p>
<p>NERC Staff Response: While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have reliability implications.</p>		
Georgia Transmission Corporation	No	<p>In R1 of MOD-008-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely documentation. In R2 of MOD-008-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely sharing of documentation. In R4 of MOD-008-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely sharing of the documented TRM values. In R5 of MOD-008-1, NERC staff recommends a Medium VRF; it should be listed as Lower. This requirement is largely sharing of documentation.</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
PJM Interconnection	No	<p>In addition to the response to question 1, PJM disagrees that the following requirements in MOD 8 will directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R1 requires each TO document the attributes of their TRM margin calculation. Documentation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R2 specifies that the TO shall not add additional margin into the TRM calculation. Using “overly conservative” assumptions in the TRM calculation may be an NAESB equity issue but will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R4 and R5 address the periodicity of the calculation and exchanging the information with external entities and will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS.</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have</p>		

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Organization	Yes or No	Question 6 Comment
reliability implications.		
American Transmission Company	No	Based on the response to item 1, the VRF's for this standard should be "Lower". Further, regarding R1 and R2, double-counting CBM factors in withholding TRM may results in underselling Firm ATC or AFC, but this does not adversely affect the electrical state of the BPS or directly affect the ability to effectively monitor the BPS, so a "Medium" VRF is not warranted.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have reliability implications.</p>		
Duke Energy	No	Comments: The VRF for R2 should remain "Lower" because there is no adverse reliability affect in including additional risks in TRM, and would thus not invalidate the TTC/ATC calculation. If anything it would be unnecessarily conservative. Leaving the VRF for R2 at "Lower" would remove the argument for R1 to be anything other than "Lower" .Since Duke disagrees that determination of Firm ATC should have a "Medium" VRF, there is no argument for R4 and R5 to have "medium" VRFs, and they should therefore be left at "Lower".
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have reliability implications.</p>		
Orlando Utilities Commission	No	R2 should be assigned a lower VRF. The justification of a "Medium" VRF for firm ATC is based on the premise that overselling of firm ATC can result in system problems. A Violation of R2 would make less ATC available, which would not contribute to the system problems. A violation of R2 means a TOP is double counting or including considerations not allowed under R1, in either case however the violation would not result in the overselling of firm ATC.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have</p>		

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Organization	Yes or No	Question 6 Comment
reliability implications.		
Entergy Services, Inc	No	Please see comments above regarding Entergy’s disagreement with the underlying premise that NERC staff uses to increase ATC-related VRFs from “lower” to “medium” and to justify increasing VRFs for documentation and administrative requirements from “lower” to “medium.” Requirement R1 requires a Transmission Provider to keep a TRM Implementation Document. Again, documentation does not have a direct impact on the Bulk Power System and such requirements should receive a “lower” VRF.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p> <p>While it may be generally true that taking an overly conservative approach will result in reduced risk for the Transmission Operator and their transmission assets, it is not necessarily true with regard to other users, owners, and operators of the BPS (such as LSEs, TDUs, or neighboring Balancing Authorities). NERC staff believes that it is possible that such action in the current deregulated environment can have reliability implications.</p>		
Progress Energy Carolina, Inc	No	R1 and R2 should stay at a lower VRF because these requirements are documentation related and do not directly affect the reliability of the BPS.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
ITC Holdings	Yes	
The Southeast Coalition	Yes	
Salt River Project	Yes	
ReliabilityFirst Corporation	Yes	
MidAmerican Energy	Yes	

7. The analysis has proposed a set of Violation Risk Factors for MOD-028-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:

The ATCTDT reiterates its position described in Question 1: A majority of the ATCTDT did not agree with NERC staff’s analysis that the accurate determination of ATC/AFC is a “Medium” risk activity. Accordingly, the ATCTDT believes that none of the VRFs in MOD-028-1 should be higher than “Lower.”

In addition, R1 pertains to documentation and does not rise to the level of Medium as recommended by NERC staff. For example, a mistake in documentation may be limited to the posted documents while the actual data, models, calculations, or values may be correct.

NERC Staff Summary Response:

NERC Staff believes that with regard to MOD-028-1, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Organization	Yes or No	Question 7 Comment
SERC OC Standards Review Group	No	We feel R1 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS. Individual SERC members will provide more specific reasons for their disagreement with changes suggested by NERC Staff in their individual comments.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Midwest ISO Standards Collaborators	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, we believe that all of the VRFs should be Lower.

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Organization	Yes or No	Question 7 Comment
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
MRO NERC Standards Review Subcommittee	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, the MRO NSRS believes that all of the VRFs should be “Lower”.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Santee Cooper	No	R1 requires certain information be documented in the ATCID. Requirements that are for documentation only should be designated as a Lower VRF.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Southern Company - Transmission	No	We feel R1 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
ISO/RTO Council Standards Review Committee (SRC)	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, we believe that all of the VRFs for this standard should be Lower.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Independent Electricity System Operator	No	Based on our answer to question 1 and our belief that only those requirements associated with TTC calculation and certain requirements on the determination and use of CBM and TRM have a direct impact on the electrical state of the BES, all requirements in this standard should have a Lower VRF except R2 to R7, which can be a Medium.
NERC Staff Response: NERC staff thanks you for your supportive comment regarding R2-R7. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.		
Pepco Holdings, Inc.	No	
Idaho Power Company		

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Organization	Yes or No	Question 7 Comment
AEP	No	Standard MOD-028-1 is a methodology to support standard MOD-001-1 Requirement 3, and requires specification of rules and process for a TSP implementing this methodology. As described in the response to Question #1, it is unreasonable to conclude that the standard has a “direct affect” when the use of the ATC or AFC is not required for all participants on the BES. It would not be reasonable to conclude that the standard “directly affects” the BES for some areas, but is not necessary in other areas to prevent this “direct affect” on the BES. Per the FERC order Guideline 2 (X = A + B + C) and Guideline 3) standards that support similar goals to have consistent VRFs): since X (MOD-001-1) is appropriately a “Lower” VRF, then any supporting standard A (MOD-028-1), standard B (MOD-029-1), and standard C (MOD-030-1) must also be a “Lower” VRF. Based on the optional nature of the standard and the identified guidelines, Standard MOD-028-1 must have the same rating as MOD-001-1, which is a “Lower” VRF.
NERC Staff Response: NERC staff disagrees that MOD-001-1 should be solely composed of requirements with Lower VRFs.		
BC Transmission Corp.	No	In R1 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R1 of MOD-028-1 should be Lower. In R2 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R2 of MOD-028-1 should be Lower. In R4 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R4 of MOD-028-1 should be Lower. In R8 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R8 of MOD-028-1 should be Lower. In R10 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R10 of MOD-028-1 should be Lower.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Georgia Transmission Corporation	No	In R1 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when

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Organization	Yes or No	Question 7 Comment
		<p>TTC/TFC values are greater than a SOL or an IROL. Therefore, R1 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R2 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R2 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R3 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R3 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R4 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R4 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R5 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R5 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R6 of MOD-028-1, NERC staff recommends a Medium VRF; we agree that should be listed as Medium. R6 is the requirement in MOD-028-1 that prevents TTC/TFC from exceeding an SOL or IROL. In R7 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R7 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R8 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R8 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from</p>

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Organization	Yes or No	Question 7 Comment
		<p>exceeding an SOL or IROL should be Medium VRFs. In R10 of MOD-028-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R10 of MOD-028-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comment regarding R6. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
Duke Energy	No	<p>For the reasons stated in the response to Question 1 above, Duke does not believe that the calculation of Firm ATC is directly tied to the ability to serve load. We find that the NERC staff analysis has taken too narrow and literal an interpretation of the VRF definitions. The concept of risk includes a measure of probability as well as a measure of the severity of consequences. The probability of incorrect ATC calculations resulting in load loss is quite small as argued previously. Load loss in and of itself does not necessarily affect the reliability of the BPS, which should be the primary focus of the NERC Reliability Standards. This analysis therefore inappropriately attempts to equate BPS reliability with commercial concerns and customer service reliability. For these reasons the VRF for R10 should not be raised to “Medium”, but should remain “Lower”. Duke disagrees that the VRF assignment for Firm ATC determination should be “Medium”, and therefore disagrees that R1, R3, R4, R5, R6, R7, and R8 should be assigned “Medium” VRFs. FAC-008 contains requirements for development of facility ratings and therefore is the primary vehicle for fulfilling Recommendation 27 of the Final Report on the August 14, 2003 Blackout. R2 should not be relied on to fulfill that recommendation, so there remains no reason to raise the VRF for R2 to “Medium”.</p>
<p>NERC Staff Response: NERC staff disagrees with your conclusions. While reliability of the BPS as a whole is a critical part of NERC’s mission, NERC as the ERO is also responsible for the reliability of the components that comprise the Bulk Power System. Routine distribution outages are clearly outside the scope of NERC’s authority; however, capacity emergencies clearly are, as discussed in EOP-002-2.</p> <p>With regard to Recommendation 27 of the Final Report on the August 14 2003 Blackout, NERC staff agrees that other standards or requirements may also address this recommendation. However, that does not diminish the value contributed to meeting that recommendation provided by this standard.</p>		
Entergy Services, Inc	No	<p>Please see comments above regarding Entergy’s disagreement with the underlying premise that NERC staff uses to increase ATC-related VRFs from “lower” to “medium” and to justify increasing VRFs for documentation and administrative requirements from “lower” to “medium.” Regarding specific requirements, Entergy offers the following comments: For Requirement R1 NERC Staff states that R1</p>

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Organization	Yes or No	Question 7 Comment
		<p>“specifies the creation of rules and process that later requirements mandate the use of” and then calling on FERC VRF Guideline 2 justify the proposed change to Medium VRF. Entergy disagrees with NERC Staff that this requirement “specifies the creation of rules and process.” R1 requires only administrative information and descriptions for inclusion in the ATCID. We therefore recommend this VRF remain at “lower” and not be changed to “medium.”</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
ITC Holdings	No	<p>We do not necessarily concur with NERC staff in that failure to calculate non-firm properly only has financial impacts. Selling high levels of non-firm is beneficial in that it insures full utilization of the transmission system and, as such, should not be discouraged. However, there is a risk in “over-selling” the system, such that excessive sales result in a constant reliance on TLR levels to insure that excess non-firm sales are not scheduled, thus overloading the system. “Over-selling” non-firm does not have reliability consequences in so far as it is managed properly. The measures are aimed at compliance with calculation criteria but do not include any measures as to how often non-firm sales result in excessive TLRs or actual system overloads. In examining standards related to TLR and scheduling, we’re not sure that there is any connection between excess non-firm sales and observed real-time problems that these sales might produce. In the absence of this connection, we recommend that the VRF for R9 and R11 be changed to Medium VRF because the consequence of a violation can be more than just financial.</p>
<p>NERC Staff Response: NERC staff agrees that overselling non-firm Transmission Service can have operational impacts. However, the simple fact that it can have operational impacts does not in itself indicate a Medium VRF is warranted. To qualify for a Medium VRF, a violation must either 1.) directly affect the electrical state or the capability of the BPS; or 2.) directly affect the ability to effectively monitor and control the BPS. The curtailment of non-firm service will result in the redispatch of a balanced system, and the system will remain in balance with all load being served. The state of the BPS has not changed, nor has the capability. Similarly, the ability to monitor and control the BPS has not changed. NERC staff does not believe R9 and R11 should be elevated to Medium.</p>		
MidAmerican Energy	Yes	
ReliabilityFirst Corporation	Yes	

8. The analysis has proposed a set of Violation Risk Factors for MOD-029-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:
 The ATCTDT reiterates its position described in Question 1: A majority of the ATCTDT did not agree with NERC staff’s analysis that the accurate determination of ATC/AFC is a “Medium” risk activity. Accordingly, the ATCTDT believes that none of the VRFs in MOD-029-1 should be higher than “Lower.”

NERC Staff Summary Response:
 NERC Staff believes that with regard to MOD-029-1, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Organization	Yes or No	Question 8 Comment
Bonneville Power Administration	No	BPA believes all requirements of MOD-029-1 should have a “Lower” VRF as this standard’s requirements only speak to the calculation of ATC/AFC values - reliability is not endangered by the overselling of ATC, but rather by the overscheduling of the system, which these standards do not address.
<p>NERC Staff Response: NERC staff disagrees, and notes that these standards do not address the overselling of ATC. Rather, they address ensuring that Transmission Service Providers have a reasonably accurate understanding of the relationship between the transmission commitments they have made and the capability of their system. As discussed previously, NERC staff believes that over scheduling can be a result of an inaccurate understanding of that relationship.</p>		
Midwest ISO Standards Collaborators	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, we believe that all of the VRFs should be Lower.
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		

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Organization	Yes or No	Question 8 Comment
MRO NERC Standards Review Subcommittee	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, the MRO NSRS believes that all of the VRFs should be ?Lower?.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
ISO/RTO Council Standards Review Committee (SRC)	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, we believe that all of the VRFs for this standard should be Lower.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
Independent Electricity System Operator	No	Based on our answer to question 1 and our belief that only those requirements associated with TTC calculation and certain requirements on the determination and use of CBM and TRM have a direct impact on the electrical state of the BES, all requirements in this standard should have a Lower VRF except R1 to R4, which can be a Medium.
NERC Staff Response: NERC staff thanks you for your supportive comment regarding R1 and R4. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.		
Pepco Holdings, Inc.	No	
Idaho Power Company	No	The ATC calculations help manage the commercial allocation of transmission capacity. Regardless of the amount sold. Other standards assure that the electrical state or capability of the BPS will not be affected. I believe the VRF for all MOD-029 requirements should remain "lower" as balloted and approved.
NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.		
AEP	No	MOD-029-1 is a methodology for calculating TTC using a model that meets the specified scope and criteria. Standard MOD-029-1 is a methodology to support standard MOD-001-1 Requirement 3, and requires specification of rules and process for a TSP implementing this methodology. As described in the response to Question #1, it is unreasonable to conclude that the standard has a “direct affect” when the use of the ATC or AFC is not required for all participants on the BES. It would not be reasonable to conclude that the standard “directly affects” the BES for some areas, but is not necessary in other areas to prevent this “direct affect” on the BES. Per the FERC order Guideline 2 ($X = A + B + C$) and Guideline 3 (standards that support similar goals to have consistent VRFs): since X (MOD-001-1) is

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Organization	Yes or No	Question 8 Comment
		<p>appropriately a “Lower” VRF, then any supporting standard A (MOD-028-1), standard B (MOD-029-1), and standard C (MOD-030-1) must also be a “Lower” VRF. Based on the optional nature of the standard and the identified guidelines, Standard MOD-029-1 must have the same rating as MOD-001-1, which is a “Lower” VRF.</p>
<p>NERC Staff Response: NERC staff disagrees with the premise that an optional standard can have no direct effect on the BES. First, the choice of a method is not optional – it is required in MOD-001. By requiring that an entity choose one of three methodologies, the standards provide flexibility, but this flexibility does not mean that the selection of a methodology itself is optional.</p> <p>Secondly, being provided a choice of methodologies does not diminish the importance of following the methodologies. For example, financial statements can use the “cash” method of accounting or the “accrual” method of accounting. The company is free to choose which method it uses, but once it has chosen a method, it is expected to follow the rules of that method. The fact that the company can choose the method does not eliminate their responsibility to implement that method correctly, nor does it reduce the importance of those financial statements being accurate and correct.</p>		
BC Transmission Corp.	No	<p>In R1 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. In R5 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R5 of MOD-029-1 should be Lower. In R7 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values are determined from TTC/TFC values that are greater than a SOL or an IROL. Therefore, R7 of MOD-029-1 should be Lower.</p>
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
Georgia Transmission Corporation	No	<p>In R1 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R1 of MOD-029-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R2 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R2 of MOD-029-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R3 of</p>

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Organization	Yes or No	Question 8 Comment
		<p>MOD-029-1, NERC staff recommends a Medium VRF; we agree that should be listed as Medium. R3 is the requirement in MOD-029-1 that prevents TTC/TFC from exceeding an SOL or IROL. In R4 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R4 of MOD-029-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R5 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R5 of MOD-029-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R7 of MOD-029-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R7 of MOD-029-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comments regarding R3. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
Duke Energy	No	<p>Comments: Duke disagrees that the VRF assignment for Firm ATC determination should be “Medium” for the reasons stated in the response to Question 7, and therefore disagrees that R1, R2, R3, R4, R5, and R7 should be assigned “Medium” VRFs.</p>
<p>NERC Staff Response: NERC staff disagrees, for the reasons provided in the Staff Report.</p>		
ITC Holdings	No	<p>We do not necessarily concur with NERC staff in that failure to calculate non-firm properly only has financial impacts. Selling high levels of non-firm is beneficial in that it insures full utilization of the transmission system and, as such, should not be discouraged. However, there is a risk in ?over-selling? the system, such that excessive sales result in a constant reliance on TLR levels to insure that excess non-firm sales are not scheduled, thus overloading the system. “Over-selling” non-firm does not have reliability consequences in so far as it is managed properly. The measures are aimed at compliance with calculation criteria but do not include any measures as to how often non-firm sales result in excessive TLRs or actual system overloads. In examining standards related to TLR and scheduling,</p>

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Organization	Yes or No	Question 8 Comment
		we're not sure that there is any connection between excess non-firm sales and observed real-time problems that these sales might produce. In the absence of this connection, we recommend that the VRF for R6 and R8 be changed to Medium VRF because the consequence of a violation can be more than just financial.
<p>NERC Staff Response: NERC staff agrees that overselling non-firm Transmission Service can have operational impacts. However, the simple fact that it can have operational impacts does not in itself indicate a Medium VRF is warranted. To qualify for a Medium VRF, a violation must either 1.) directly affect the electrical state or the capability of the BPS; or 2.) directly affect the ability to effectively monitor and control the BPS. The curtailment of non-firm service will result in the redispatch of a balanced system, and the system will remain in balance with all load being served. The state of the BPS has not changed, nor has the capability. Similarly, the ability to monitor and control the BPS has not changed. NERC staff does not believe R6 and R8 should be elevated to Medium.</p>		
Salt River Project	Yes	
ReliabilityFirst Corporation	Yes	
MidAmerican Energy	Yes	
Entergy Services, Inc	Yes	

9. The analysis has proposed a set of Violation Risk Factors for MOD-030-1. Do you agree with the proposal?

If “No,” please identify specific requirements with which you disagree, and for each one, an explanation of why you disagree.

ATC Drafting Team Summary Response:

The ATCTDT reiterates its position described in Question 1: A majority of the ATCTDT did not agree with NERC staff’s analysis that the accurate determination of ATC/AFC is a “Medium” risk activity. Accordingly, the ATCTDT believes that none of the VRFs in MOD-030-1 should be higher than “Lower.”

In addition, R1 pertains to documentation and does not rise to the level of Medium as recommended by NERC staff. For example, a mistake in documentation may be limited to the posted documents while the actual data, models, calculations, or values may be correct.

NERC Staff Summary Response:

NERC Staff believes that with regard to MOD-030-1, the recommendations made within the document posted for comment are consistent with NERC’s established Violation Risk Factor definitions, as well as FERC’s guidelines. Detailed responses to specific comments are provided below.

Organization	Yes or No	Question 9 Comment
SERC OC Standards Review Group	No	We feel R1 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS. Individual SERC members will provide more specific reasons for their disagreement with changes suggested by NERC Staff in their individual comments.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Bonneville Power Administration	No	BPA believes all requirements of MOD-030-1 should have a “Lower” VRF as this standard’s requirements only speak to the calculation of ATC/AFC values - reliability is not endangered by the overselling of ATC, but rather by the overscheduling of the system, which these standards do not address.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Midwest ISO Standards	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a

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Organization	Yes or No	Question 9 Comment
Collaborators		medium VRF, we believe that all of the VRFs should be Lower.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
MRO NERC Standards Review Subcommittee	No	The medium VRF's are predicated on the assumption that overselling Firm ATC/AFC "directly" causes load shed or "directly" impacts the capability of the BPS, which is not true, per the response to item 1. All VRF's for this standard should be "Lower".
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Southern Company - Transmission	No	We feel R1 should stay at a lower VRF because we feel that these requirements do not directly affect the reliability of the BPS.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
ISO/RTO Council Standards Review Committee (SRC)	No	Based on our answer to question 1 and our belief that the only CBM from these standards could have a medium VRF, we believe that all of the VRFs for this standard should be Lower.
NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.		
Independent Electricity System Operator	No	Based on our answer to question 1 and our belief that only those requirements associated with TTC calculation and certain requirements on the determination and use of CBM and TRM have a direct impact on the electrical state of the BES, all requirements in this standard should have a Lower VRF except R2, which can be a Medium.
NERC Staff Response: NERC staff thanks you for your supportive comment regarding R2. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.		
AEP	No	Standard MOD-030-1 is a methodology to support standard MOD-001-1 Requirement 3, and requires specification of rules and process for a TSP implementing this methodology. As described in the response to Question #1, it is unreasonable to conclude that the standard has a "direct affect" when the use of the ATC or AFC is not required for all participants on the BES. It would not be reasonable to conclude that the standard "directly affects" the BES for some areas, but is not necessary in other areas to prevent this "direct affect" on the BES. Per the FERC order Guideline 2 ($X = A + B + C$) and Guideline 3 (standards that support similar goals must have consistent VRFs): since X (MOD-001-1) is appropriately a "Lower" VRF, then any supporting standard A (MOD-028-1), standard B (MOD-029-1), and standard C (MOD-030-1) must

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Organization	Yes or No	Question 9 Comment
		also be a “Lower” VRF. Based on the optional nature of the standard and the identified guidelines, Standard MOD-030-1 must have the same rating as MOD-001-1, which is a “Lower” VRF.
NERC Staff Response: NERC staff disagrees that MOD-001-1 should be solely composed of requirements with Lower VRFs.		
Georgia Transmission Corporation	No	<p>In R1 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R1 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R2 of MOD-030-1, NERC staff recommends a Medium VRF; we agree that should be listed as Medium. R2 is the requirement in MOD-030-1 that prevents TTC/TFC from exceeding an SOL or IROL. In R3 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R3 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R4 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R4 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R5 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R5 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R6 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R6 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs. In R8 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R8 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an</p>

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Organization	Yes or No	Question 9 Comment
		<p>SOL or IROL should be Medium VRFs. In R10 of MOD-030-1, NERC staff recommends a Medium VRF; it should be listed as Lower. ATC or AFC calculations and values should only be Medium VRFs if the resulting ATC/AFC values lead to overselling Firm ATC/AFC that may necessitate the shedding of firm load. This can only occur when TTC/TFC values are greater than a SOL or an IROL. Therefore, R8 of MOD-030-1 should be Lower. Only the requirements in MOD-028-1, MOD-029-1, and MOD-030-1 that prevent TTC/TFC from exceeding an SOL or IROL should be Medium VRFs.</p>
<p>NERC Staff Response: NERC staff thanks you for your supportive comments regarding R2. NERC staff disagrees with your other comments, for the reasons provided in the Staff Report.</p>		
PJM Interconnection	No	<p>In addition to the response to question 1, PJM disagrees that the following requirements in MOD 30 will directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R1 requires each TSP to document the attributes of their flowgate capability calculation. Documentation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R2 describes the tasks that each TO needs to perform to calculate the AFC. The calculation process will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS. R3 requires the TO make available to the power system model to the TSP to determine AFC and will not directly affect the ability to effectively monitor and control the BPS. R4 defines how various transactions should be represented in the AFC calculation and will not directly affect the ability to effectively monitor and control the BPS. R5, R6 specifies how certain quantities should be incorporated into the AFC calculation and will not directly affect the ability to effectively monitor and control the BPS. R8 is the algorithm used for calculating AFC for some future time period that will not directly affect the ability to effectively monitor and control the BPS. R10 addresses the periodicity of the AFC calculation. The periodicity of calculation will not directly affect the electrical state or the capability of the BPS or directly affect the ability to effectively monitor and control the BPS.</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
American Transmission Company	No	<p>The medium VRF's are predicated on the assumption that overselling Firm ATC/AFC "directly" causes load shed or "directly" impacts the capability of the BPS, which is not true, per the response to item 1. All VRF's for this standard should be "Lower".</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
Duke Energy	No	<p>Comments: Duke disagrees that the VRF assignment for Firm ATC determination should be "Medium" for the reasons stated in the response to Question 7, and therefore disagrees that R1, R2, R3, R4, R5, R6, R8,</p>

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Organization	Yes or No	Question 9 Comment
		and R9 should be assigned “Medium” VRFs.
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report.</p>		
Entergy Services, Inc	No	<p>Please see comments above regarding Entergy’s disagreement with the underlying premise that NERC staff uses to increase ATC-related VRFs from “lower” to “medium” and to justify increasing VRFs for documentation and administrative requirements from “lower” to “medium.” Regarding specific requirements, Entergy offers the following comments: For Requirement R1 NERC Staff states that R1 “specifies the creation of rules and process that later requirements mandate the use of” and then calling on FERC VRF Guideline 2 justify the proposed change to Medium VRF. We disagree with Staff that this requirement “specifies the creation of rules and process”. There is only administrative information and descriptions required by R1 to be included in the ATCID. We therefore recommend this VRF remain at “lower” and not be changed to “medium.”</p>
<p>NERC Staff Response: NERC staff disagrees with your comments, for the reasons provided in the Staff Report, and believes that the application of Guideline 2 is appropriate.</p>		
ITC Holdings	No	<p>We do not necessarily concur with NERC staff in that failure to calculate non-firm properly only has financial impacts. Selling high levels of non-firm is beneficial in that it insures full utilization of the transmission system and, as such, should not be discouraged. However, there is a risk in “over-selling” the system, such that excessive sales result in a constant reliance on TLR levels to insure that excess non-firm sales are not scheduled, thus overloading the system. “Over-selling” non-firm does not have reliability consequences in so far as it is managed properly. The measures are aimed at compliance with calculation criteria but do not include any measures as to how often non-firm sales result in excessive TLRs or actual system overloads. In examining standards related to TLR and scheduling, we’re not sure that there is any connection between excess non-firm sales and observed real-time problems that these sales might produce. In the absence of this connection, we recommend that the VRF for R7 and R9 be changed to Medium VRF because the consequence of a violation can be more than just financial.</p>
<p>NERC Staff Response: NERC staff agrees that overselling non-firm Transmission Service can have operational impacts. However, the simple fact that it can have operational impacts does not in itself indicate a Medium VRF is warranted. To qualify for a Medium VRF, a violation must either 1.) directly affect the electrical state or the capability of the BPS; or 2.) directly affect the ability to effectively monitor and control the BPS. The curtailment of non-firm service will result in the redispatch of a balanced system, and the system will remain in balance with all load being served. The state of the BPS has not changed, nor has the capability. Similarly, the ability to monitor and control the BPS has not changed. NERC staff does not believe R7 and R9 should be elevated to Medium.</p>		
Progress Energy	No	R1

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Organization	Yes or No	Question 9 Comment
Carolina, Inc		
<p>NERC Staff Response: NERC staff disagrees with your comment, for the reasons provided in the Staff Report.</p>		
The Southeast Coalition	Yes	<p>Comments: Agree with all proposed risk factors except R7, R9 & R11 VRFs. We believe that the VRFs for R7, R9 & R11 should be set to “Medium” instead of “Lower”. R7 & R9 are associated with calculation of non-firm ATC. As explained in question 2 above, overselling of non-firm NERC priority 6 internal-transactions could lead to curtailment of firm service. Thus, R7 & R9 VRFs should be set to “Medium”.R11 establishes the equation to convert AFCs to ATCs. This conversion is not done for convenience only. Conversion of AFC to ATC values is needed to support the transmission market because although, AFCs are the direct outcome of the calculations, transmission service is posted and sold in terms of ATCs. Therefore, an incorrect conversion of AFCs to ATCs could lead to misleading postings and overselling of firm service.</p>
<p>NERC Staff Response: NERC staff agrees that overselling non-firm Transmission Service can have operational impacts. However, the simple fact that it can have operational impacts does not in itself indicate a Medium VRF is warranted. To qualify for a Medium VRF, a violation must either 1.) directly affect the electrical state or the capability of the BPS; or 2.) directly affect the ability to effectively monitor and control the BPS. The curtailment of non-firm service will result in the redispatch of a balanced system, and the system will remain in balance with all load being served. The state of the BPS has not changed, nor has the capability. Similarly, the ability to monitor and control the BPS has not changed. NERC staff does not believe R7 and R9 should be elevated to Medium.</p> <p>With regard to the conversion of AFC to ATC, NERC staff agrees the in many cases, AFCs are converted to ATCs for posting and selling purposes. However, this standard does not address the posting and selling of service. Rather, it addresses ensuring that Transmission Service Providers have a reasonably accurate understanding of the relationship between the transmission commitments they have made and the capability of their system. It is unimportant whether the Transmission Service Provider manages that relationship via AFC or ATC, and therefore, the conversion of AFC to ATC does not in itself represent a Medium risk.</p>		
ReliabilityFirst Corporation	Yes	