

Violation Risk Factor and Violation Severity Level Justification

Project 2019-01 Modifications to TPL-007-3

This document provides the standard drafting team's (SDT's) justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in TPL-007-4. Each requirement is assigned a VRF and a VSL. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the Electric Reliability Organizations (ERO) Sanction Guidelines. The SDT applied the following NERC criteria and FERC Guidelines when developing the VRFs and VSLs for the requirements.

NERC Criteria for Violation Risk Factors

High Risk Requirement

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

Medium Risk Requirement

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

Lower Risk Requirement

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

FERC Guidelines for Violation Risk Factors

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

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

- Emergency operations
- Vegetation management
- Operator personnel training
- Protection systems and their coordination
- Operating tools and backup facilities
- Reactive power and voltage control
- System modeling and data exchange
- Communication protocol and facilities
- Requirements to determine equipment ratings
- Synchronized data recorders
- Clearer criteria for operationally critical facilities
- Appropriate use of transmission loading relief.

Guideline (2) – Consistency within a Reliability Standard

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

Guideline (3) – Consistency among Reliability Standards

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

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

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

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

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

NERC Criteria for Violation Severity Levels

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

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

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

FERC Order of Violation Severity Levels

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

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

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

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

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

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

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

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

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

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

VRF Justification for TPL-007-4, Requirement R1

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R1

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R2

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R2

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R3

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R3

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R4

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R4

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R5

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R5

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R6

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R6

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R7

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R7

The VSL did not substantively change from the previously FERC-approved TPL-007-3 Reliability Standard. In the Severe VSL, the word “have” was replaced with “develop” to more closely reflect the language of the Requirement.

VRF Justification for TPL-007-4, Requirement R8

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R8

The justification is provided on the following pages.

VRF Justification for TPL-007-4, Requirement R9

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R9

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R10

The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R10

The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R11

The justification is provided on the following pages.

VSL Justification for TPL-007-4, Requirement R11

The justification is provided on the following pages.

VRF Justification for TPL-007-4, Requirement R12

Requirement R12 was previously Requirement R11 in TPL-007-3. The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R12

Requirement R12 was previously Requirement R11 in TPL-007-3. The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VRF Justification for TPL-007-4, Requirement R13

Requirement R13 was previously Requirement R12 in TPL-007-3. The VRF did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSL Justification for TPL-007-4, Requirement R13

Requirement R13 was previously Requirement R12 in TPL-007-3. The VSL did not change from the previously FERC-approved TPL-007-3 Reliability Standard.

VSLs for TPL-007-4, Requirement R8

Lower	Moderate	High	Severe
<p>The responsible entity completed a supplemental GMD Vulnerability Assessment, but it was more than 60 calendar months and less than or equal to 64 calendar months since the last supplemental GMD Vulnerability Assessment.</p>	<p>The responsible entity's completed supplemental GMD Vulnerability Assessment failed to satisfy one of elements listed in Requirement R8, Parts 8.1 through 8.3; OR The responsible entity completed a supplemental GMD Vulnerability Assessment, but it was more than 64 calendar months and less than or equal to 68 calendar months since the last supplemental GMD Vulnerability Assessment.</p>	<p>The responsible entity's completed supplemental GMD Vulnerability Assessment failed to satisfy two of the elements listed in Requirement R8, Parts 8.1 through 8.3; OR The responsible entity completed a supplemental GMD Vulnerability Assessment, but it was more than 68 calendar months and less than or equal to 72 calendar months since the last supplemental GMD Vulnerability Assessment.</p>	<p>The responsible entity's completed supplemental GMD Vulnerability Assessment failed to satisfy three of the elements listed in Requirement R8, Parts 8.1 through 8.3; OR The responsible entity completed a supplemental GMD Vulnerability Assessment, but it was more than 72 calendar months since the last supplemental GMD Vulnerability Assessment; OR The responsible entity does not have a completed supplemental GMD Vulnerability Assessment.</p>

VSL Justifications for TPL-007-4, Requirement R8

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The proposed VSLs retain the VSLs from FERC-approved TPL-007-3 with the exception of removing one part of the lower VSL to reflect the removal of subpart 8.3 in TPL-007-3. As a result, the proposed VSLs do not lower the current level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties <u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent <u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>

FERC VSL G4

Violation Severity Level
Assignment Should Be Based
on A Single Violation, Not on
A Cumulative Number of
Violations

Each VSL is based on a single violation and not cumulative violations.

VSLs for TPL-007-4, Requirement R11

Lower	Moderate	High	Severe
<p>The responsible entity's Corrective Action Plan failed to comply with one of the elements in Requirement R11, Parts 11.1 through 11.5.</p>	<p>The responsible entity's Corrective Action Plan failed to comply with two of the elements in Requirement R11, Parts 11.1 through 11.5.</p>	<p>The responsible entity's Corrective Action Plan failed to comply with three of the elements in Requirement R11, Parts 11.1 through 11.5.</p>	<p>The responsible entity's Corrective Action Plan failed to comply with four or more of the elements in Requirement R11, Parts 11.1 through 11.5; OR The responsible entity did not develop a Corrective Action Plan as required by Requirement R11.</p>

VSL Justifications for TPL-007-4, Requirement R11

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance. Further, the VSLs are consistent with those assigned for Requirement R7, pertaining to Corrective Action Plans for benchmark GMD Vulnerability Assessments.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties <u>Guideline 2a:</u> The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent <u>Guideline 2b:</u> Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>

VSL Justifications for TPL-007-4, Requirement R11

<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>
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VRF Justifications for TPL-007-4, Requirement R11

Proposed VRF	Lower
<p>NERC VRF Discussion</p>	<p>A VRF of High is being proposed for this requirement.</p>
<p>FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report</p>	<p>N/A</p>
<p>FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard</p>	<p>The proposed VRF is consistent among other FERC approved VRFs within the standard, specifically Requirement R7 pertaining to Corrective Action Plans for benchmark GMD Vulnerability Assessments.</p>
<p>FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards</p>	<p>A VRF of High is consistent with Reliability Standard TPL-001-4 Requirement R2 which requires Transmission Planners and Planning Coordinators to include a Corrective Action Plan that addresses identified performance issues in the annual Planning Assessment.</p>
<p>FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs</p>	<p>The VRF of High is consistent with the NERC VRF Definition. Failure to develop a Corrective Action Plan that addresses issues identified in a supplemental GMD Vulnerability Assessment could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures.</p>

VRF Justifications for TPL-007-4, Requirement R11

Proposed VRF	Lower
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not co-mingle a higher-risk reliability objective with a lesser- risk reliability objective.