

The following tables provide the FAC-013 Order 729 drafting team’s justification for the VRFs and VSLs proposed in FAC-013-2 – Planning Transfer Capability. The NERC and FERC guidelines for VRFs and VSLs are provided at the end of this document.

| FAC-013-2 VSL and VRF Justifications | | |
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| R1 | Proposed VRF | Lower |
| | NERC VRF Discussion | A Planning Coordinator that violated this requirement would not be placing the BES in any risk situation. This requirement is completely administrative in nature. |
| | FERC VRF G1 Discussion | The requirement is related to the planning time frame. Violation of documenting the methodology used to calculate PTC’s would not put the BES in any risk situation. |
| | FERC VRF G2 Discussion | This requirement only utilizes sub-requirements to identify the items to be included within the methodology document. The VRF for this requirement is consistent with others in the standard with regard to relative risk. |
| | FERC VRF G3 Discussion | The requirement is consistent with other data input and modeling standards. As this requirement only addresses the documentation of the methodology used to calculate PTCs it is appropriate that this requirement have a VRF of Lower. |
| | FERC VRF G4 Discussion | The requirement is strictly administrative in nature and is in the planning timeframe. If violated, it is not anticipated that under emergency, abnormal or restorative conditions violation of this requirement would be expected to affect the electrical state or capability of the BES. |
| | FERC VRF G5 Discussion | This requirement does not co-mingle reliability objectives. |
| | Proposed Lower VSL | The Planning Coordinator has a PTCMD but failed to address one or two of the items listed in Requirement R1, Part 1.1. |
| | Proposed Moderate VSL | The Planning Coordinator has a PTCMD but failed to incorporate 1 of the items listed in Requirement R1, Parts 1.2 through 1.5 OR The Planning Coordinator has a PTCMD but failed to address two or more of the items listed in Requirement R1, Part 1.1. |
| | Proposed High VSL | The Planning Coordinator has a PTCMD but failed to incorporate 2 of the items listed in Requirement R1, Parts 1.2 through 1.5. |
| | Proposed Severe VSL | The Planning Coordinator does not have a PTCMD. OR The Planning Coordinator has a PTCMD but failed to incorporate 3 or more of the items listed in Requirement R1, Parts 1.2 through 1.5. |
| | FERC VSL G1 Discussion | No longer applicable given significant changes in standard structure. |
| | FERC VSL G2 Discussion | The VSL is not written as a pass/fail VSL and does not include ambiguous terms. |
| | FERC VSL G3 Discussion | The VSL aligns with the language of the requirement, and does not add to nor take away from it. |
| | FERC VSL G4 Discussion | The VSL is based on a single violation of the requirement. |

| FAC-013-2 VSL and VRF Justifications | | |
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| R2 | Proposed VRF | Lower |
| | NERC VRF Discussion | A Planning Coordinator that violated this requirement would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G1 Discussion | A Planning Coordinator that violated this requirement would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G2 Discussion | This requirement only utilizes sub-requirements to identify the individuals who should receive the methodology documentation. The VRF for this requirement is consistent with others in the standard with regard to relative risk. |
| | FERC VRF G3 Discussion | The VRF for this requirement is consistent with other data input and modeling standards. As this requirement only addresses who should receive the documented methodology used to calculate PTC's it is appropriate that this requirement have a VRF of Lower. |
| | FERC VRF G4 Discussion | The requirement is strictly administrative in nature and is in the planning timeframe, beyond 13 months. If violated, it is not anticipated that under emergency, abnormal or restorative conditions violation of this requirement would be expected to affect the electrical state or capability of the BES. |
| | FERC VRF G5 Discussion | This requirement does not co-mingle reliability objectives. |
| | Proposed Lower VSL | The Planning Coordinator notified one or more of the parties specified in R2 of a new or revised PTCMD after its implementation, but not more than 30 calendar days after its implementation. |
| | Proposed Moderate VSL | The Planning Coordinator notified one or more of the parties specified in R2 of a new or revised PTCMD more than 30 calendar days after its implementation, but not more than 40 calendar days after its implementation. |
| | Proposed High VSL | The Planning Coordinator notified one or more of the parties specified in R2 of a new or revised PTCMD more than 40 calendar days, but not more than 50 calendar days after its implementation. |
| | Proposed Severe VSL | The Planning Coordinator failed to notify one or more of the parties specified in R2 of a new or revised PTCMD more than 50 calendar days after its implementation. |
| | FERC VSL G1 Discussion | No longer applicable given significant changes in standard structure. |
| | FERC VSL G2 Discussion | The VSL is not written as a pass/fail and does not contain any ambiguous terms... |
| | FERC VSL G3 Discussion | The VSL aligns with the language of the requirement, and does not add to nor take away from it. |
| | FERC VSL G4 Discussion | The VSL is based on a single violation of the requirement. |

| FAC-013-2 VSL and VRF Justifications | | |
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| R3 | Proposed VRF | Lower |
| | NERC VRF Discussion | A Planning Coordinator that failed to respond to comments received on their methodology document would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G1 Discussion | A Planning Coordinator that failed to respond to comments received on their methodology document would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G2 Discussion | This requirement does not utilize sub-requirements. The VRF for this requirement is consistent with others in the standard with regard to relative risk. |
| | FERC VRF G3 Discussion | The VRF for this requirement is consistent with other data input and modeling standards. As this requirement only addresses who should receive the documented methodology used to calculate PTC's it is appropriate that this requirement have a VRF of Lower. |
| | FERC VRF G4 Discussion | The requirement is strictly administrative in nature and is in the planning timeframe, beyond 13 months. This requirement only addresses responding to comments received on their methodology document. If violated, it is not anticipated that under emergency, abnormal or restorative conditions violation of this requirement would be expected to affect the electrical state or capability of the BES. |
| | FERC VRF G5 Discussion | This requirement does not co-mingle reliability objectives. |
| | Proposed Lower VSL | The Planning Coordinator provided a documented response to a documented technical comment as required in Requirement R3 after 45 calendar days, but not more than 60 calendar days after receipt of the comment. |
| | Proposed Moderate VSL | The Planning Coordinator provided a documented response to a documented technical comment as required in R3 after 60 calendar days, but not more than 70 calendar days after receipt of the comment. |
| | Proposed High VSL | The Planning Coordinator provided a documented response to a documented technical comment as required in R3 after 80 calendar days after receipt of the comment. |
| | Proposed Severe VSL | The Planning Coordinator failed to provide a documented response to a documented technical comment as required in R3. |
| | FERC VSL G1 Discussion | No longer applicable given significant changes in standard structure. |
| | FERC VSL G2 Discussion | The VSL is not written as a pass/fail VSL, and it is written in clear and unambiguous language. |
| | FERC VSL G3 Discussion | The VSL aligns with the language of the requirement, and does not add to nor take away from it. |
| FERC VSL G4 Discussion | The VSL is based on a single violation of the requirement. | |

| FAC-013-2 VSL and VRF Justifications | | |
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| R4 | Proposed VRF | Lower |
| | NERC VRF Discussion | A Planning Coordinator that failed to recalculate its PTC's would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months and would not have any immediate impact on the BES. |
| | FERC VRF G1 Discussion | A Planning Coordinator that failed to recalculate its PTC's would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months and would not have any immediate impact on the BES. |
| | FERC VRF G2 Discussion | This requirement does not utilize sub-requirements. The VRF for this requirement is consistent with others in the standard with regard to relative risk. |
| | FERC VRF G3 Discussion | The VRF for this requirement is consistent with other data input and modeling standards. Since this requirement is addressing calculation of PTC's in the planning horizon, beyond 13 months it is appropriate that this requirement have a VRF of Lower. |
| | FERC VRF G4 Discussion | The requirement is strictly administrative in nature and is in the planning timeframe, beyond 13 months. This requirement only addresses calculation of PTC's within the planning horizon and if violated, it is not anticipated that under emergency, abnormal or restorative conditions violation of this requirement would be expected to affect the electrical state or capability of the BES. |
| | FERC VRF G5 Discussion | This requirement does not co-mingle reliability objectives. |
| | Proposed Lower VSL | The Planning Coordinator failed to verify and recalculate, if necessary, 5% or less of its PTCs, as specified in the PTCMD. |
| | Proposed Moderate VSL | The Planning Coordinator failed to verify and recalculate, if necessary, more than 5% up to and including 10% of its PTCs as specified in the PTCMD. |
| | Proposed High VSL | The Planning Coordinator failed to verify and recalculate, if necessary, more than 10% up to and including 15% of its PTCs, as specified in the PTCMD. |
| | Proposed Severe VSL | The Planning Coordinator failed to verify and recalculate, if necessary, more than 15% of its PTCs, as specified in the PTCMD. |
| | FERC VSL G1 Discussion | No longer applicable given significant changes in standard structure. |
| | FERC VSL G2 Discussion | The VSL is written as a pass/fail VSL, and it has been set at the "Severe" level, meeting guideline 2A. The VSL is written in clear and unambiguous language, meeting Guideline 2B. |
| | FERC VSL G3 Discussion | The VSL aligns with the language of the requirement, and does not add to nor take away from it. |
| | FERC VSL G4 Discussion | The VSL is based on a single violation of the requirement. |

| FAC-013-2 VSL and VRF Justifications | | |
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| R5 | Proposed VRF | Lower |
| | NERC VRF Discussion | A Planning Coordinator that failed to share its calculated PTCs would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G1 Discussion | A Planning Coordinator that failed to share its calculated PTC's would not be putting the BES in any immediate risk situation. This standard is addressing the timeframe of beyond 13 months. |
| | FERC VRF G2 Discussion | This requirement does not utilize sub-requirements. The VRF for this requirement is consistent with others in the standard with regard to relative risk. |
| | FERC VRF G3 Discussion | The VRF for this requirement is consistent with other data input and modeling standards. As this requirement only addresses when and who should receive the calculated PTCs it is appropriate that this requirement have a VRF of Lower. |
| | FERC VRF G4 Discussion | The requirement is strictly administrative in nature and is in the planning timeframe, beyond 13 months. This requirement only addresses when and who should received its PTCs. If violated, it is not anticipated that under emergency, abnormal or restorative conditions violation of this requirement would be expected to affect the electrical state or capability of the BES. |
| | FERC VRF G5 Discussion | This requirement does not co-mingle reliability objectives. |
| | Proposed Lower VSL | The Planning Coordinator notified one or more of the parties specified in Requirement R5 of its PTCs more than 30 calendar days after their verification and recalculation, but not more than 60 calendar days after their verification and recalculation. |
| | Proposed Moderate VSL | The Planning Coordinator notified one or more of the parties specified in Requirement R5 of its PTCs more than 60 calendar days after their verification and recalculation, but not more than 70 calendar days after their verification and recalculation. |
| | Proposed High VSL | The Planning Coordinator notified one or more of the parties specified in Requirement R5 of its PTCs more than 70 calendar days after their verification and recalculation. |
| | Proposed Severe VSL | The Planning Coordinator failed to notify one or more of the parties specified in Requirement R5 of its PTCs after their verification and recalculation. |
| | FERC VSL G1 Discussion | No longer applicable given significant changes in standard structure. |
| | FERC VSL G2 Discussion | The VSL is not written as a pass/fail and is written in clear and unambiguous language. |
| | FERC VSL G3 Discussion | The VSL aligns with the language of the requirement, and does not add to nor take away from it. |
| | FERC VSL G4 Discussion | The VSL is based on a single violation of the requirement. |

Violation Risk Factors

NERC's VRF Guidelines:

Each requirement must have an associated violation risk factor (High, Medium or Lower). The risk factor assesses the impact to reliability of violating a specific requirement. The following criteria have been filed with FERC as part of the ERO's Sanctions Guidelines and must be used to determine a violation risk factor for each requirement:

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. A planning requirement that is administrative in nature.

FERC’s VRF Guidelines:

In addition, in its May 18, 2007 Order on Violation Risk Factors, FERC identified five “guidelines” it uses to determine whether to approve the Violation Risk Factors submitted for approval. Those factors are:

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

The Commission seeks to ensure that Violation Risk Factors assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System. From footnote 15 of the May 18, 2007 Order, FERC’s list of critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System includes:

- 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

The Commission expects a rational connection between the sub-Requirement Violation Risk Factor assignments and the main Requirement Violation Risk Factor assignment.

Guideline (3) – Consistency among Reliability Standards

The Commission expects the assignment of Violation Risk Factors 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 Violation Risk Factor 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.

Violation Severity Levels

NERC’s VSL Guidelines:

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.

Violation severity levels 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’s VSL Guidelines:

In its June 19, 2008 [Order on Violation Severity Levels](#), FERC indicated it would use the following four guidelines for determining whether to approve 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. Avoid using 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.)