

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 40

(Docket No. RM06-16-000; Order No. 693)

Mandatory Reliability Standards for the Bulk-Power System

(Issued March 16, 2007)

Régie de l'énergie
DOSSIER: R-3447-2016
DÉPOSÉE EN AUDIENCE
PAR RTA
Date: 3 mai 2018
Pièces no: No. 1

Coté 5

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Final Rule.

SUMMARY: Pursuant to section 215 of the Federal Power Act (FPA), the Commission approves 83 of 107 proposed Reliability Standards, six of the eight proposed regional differences, and the Glossary of Terms Used in Reliability Standards developed by the North American Electric Reliability Corporation (NERC), which the Commission has certified as the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory Reliability Standards. Those Reliability Standards meet the requirements of section 215 of the FPA and Part 39 of the Commission's regulations. However, although we believe it is in the public interest to make these Reliability Standards mandatory and enforceable, we also find that much work remains to be done. Specifically, we believe that many of these Reliability Standards require significant improvement to address, among other things, the recommendations of the Blackout Report. Therefore, pursuant to section 215(d)(5), we require the ERO to submit significant improvements to 56 of the 83 Reliability Standards that are being approved as mandatory and enforceable. The remaining 24 Reliability Standards will remain pending at the Commission until further information is provided.

The Final Rule adds a new part to the Commission's regulations, which states that this part applies to all users, owners and operators of the Bulk-Power System within the United States (other than Alaska or Hawaii) and requires that each Reliability Standard identify the subset of users, owners and operators to which that particular Reliability Standard applies. The new regulations also require that each Reliability Standard that is approved by the Commission will be maintained on the ERO's Internet website for public inspection.

b. Commission Conclusion

1893. The Commission approves the glossary. The terms defined in the glossary have an important role in establishing consistent understanding of the Reliability Standards Requirements and implementation. The approval of the glossary will provide continuity in application of the glossary definitions industry-wide, and will eliminate multiple interpretations of the same term or function, which may otherwise create miscommunication and jeopardize Bulk-Power System reliability. The glossary should be updated through the Reliability Standards development process whenever a new or revised Reliability Standard that includes a new defined term is approved, or as needed to clarify compliance activities. For example, the ERO will need to update the glossary to reflect modifications required by the Commission in this Final Rule.⁴⁷⁸

1894. The Commission directs the ERO to modify the glossary through the Reliability Standards development process to include the statutory definitions of the terms Bulk-Power System, Reliable Operation and Reliability Standard. However, this determination does not negate our discussion in the Applicability section of the Final Rule. While the glossary should be revised to include the statutory definition of Bulk-Power System, the Reliability Standards refer to the bulk electric system, which is also defined in the glossary.

1895. The Commission directs the ERO to submit a modification to the glossary that enhances the definitions of “transmission operator” and “generator operator” to reflect concerns of the commenters and the direction provided by the Commission in other sections of this Final Rule. The Commission is concerned that there not be any gaps or unnecessary overlaps of responsibilities concerning any of the Requirements in the Reliability Standards that are applicable to transmission operators and generator operators.

1896. Further, we adopt the NOPR proposal to require the ERO to submit a modification to the glossary that updates the definition of “operating reserves,” as required in our discussion of BAL-002-0 and BAL-005-0.

1897. Regarding Santa Clara’s concern about terms in the glossary differing from definitions in tariffs, we clarify that the glossary governs Reliability Standards, while tariff definitions govern tariff issues. We recognize that many items have different tariff definitions from those in the NERC glossary. However, we expect most of these terms to be consistent. If the glossary definition creates a conflict between the Reliability

⁴⁷⁸ See, e.g., MOD-001-0, TOP-002-1 and the INT Reliability Standards.

bulk electric system, which as APPA/NRECA states would have had the greatest impact on small entities.

1924. In addition to the comments received addressing these issues, Commission staff has met with representatives of small entities, including APPA and NRECA, and listened to their concerns on the potential impacts of the Final Rule and discussed possible alternatives.

1925. Since receiving APPA/NRECA's comments on the RFA, the Commission has compiled and reviewed available data on small entities and the impact of the Final Rule on such entities. Therefore, the Commission believes that any inadequacy that may have existed in the NOPR's initial RFA analysis has now been corrected. This Final RFA and the alternative proposals adopted herein demonstrate the Commission's consideration of the potential burdens that the rulemaking could place on small entities.

1926. As discussed in the Applicability section above, the Commission adopts in the Final Rule the current definition of bulk electric system. Any possible change to the definition would occur in a future Commission proceeding. Further, the Commission has endorsed the ERO's compliance registry process to identify the entities that must comply with mandatory Reliability Standards.⁵⁰³ By adopting these alternative proposals, the Commission has been responsive to small entity concerns and greatly reduced the number of small entities that will be affected by the Final Rule.

B. Final RFA

1. Description of the reasons why action by the agency is being considered

1927. On April 4, 2006, as later modified and supplemented, NERC – the ERO – submitted 107 Reliability Standards for Commission approval pursuant to section 215(d) of the FPA. The ERO's submission includes the "Version 0" standards with which the electric industry has complied on a voluntary basis as well as several new Reliability Standards approved by NERC since its certification as the ERO.

1928. As set forth in section 215(a) of the FPA, the term "Reliability Standard" means a requirement, approved by the Commission to provide for the Reliable Operation of the Bulk-Power System. The term "Reliable Operation" means "operating the elements of

⁵⁰³ As noted previously, APPA, NRECA and TAPs submitted supplemental comments supporting the ERO's compliance registry process.

the bulk-power system within equipment and electric system, thermal, voltage, and stability limits so that instability, uncontrolled, or cascaded failures of such system will not occur as a result of a sudden disturbance . . . or unanticipated failure of system elements.”⁵⁰⁴ Thus, the purpose of each Reliability Standard approved by the Commission in this Final Rule is to provide for the Reliable Operation of the Bulk-Power System and thereby minimize the risk of instability, uncontrolled or cascading failure on the Bulk-Power System.

1929. The Commission is approving 83 of the proposed Reliability Standards. Upon the effective date of the Final Rule, compliance with these Reliability Standards will be mandatory and enforceable for applicable users, owners and operators of the Bulk-Power System. The Commission believes that these Reliability Standards form a solid foundation on which to develop and maintain the reliability of the North American Bulk-Power System.

2. Objectives of and the legal basis for the Final Rule

1930. This Final Rule requires applicable users, owners and operators of the Bulk-Power System to comply with mandatory and enforceable Reliability Standards. As discussed above, these Reliability Standards are necessary to ensure the reliable operation of the North American Bulk-Power System.

1931. EAct 2005 added a new section 215 to the FPA, which provides for a system of mandatory and enforceable Reliability Standards. Section 215(d)(1) of the FPA provides that the ERO must file each Reliability Standard or modification to a Reliability Standard that it proposes to be made effective, *i.e.*, mandatory and enforceable, with the Commission. As mentioned above, on April 4, 2006, and as later modified and supplemented, the ERO submitted 107 Reliability Standards for Commission approval pursuant to section 215(d) of the FPA.

1932. Section 215(d)(2) of the FPA provides that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a proposed Reliability Standard if it meets the statutory standard for approval, giving due weight to the technical expertise of the ERO. Alternatively, the Commission may remand a Reliability Standard pursuant to section 215(d)(4) of the FPA. Further, the Commission may order the ERO to submit to the Commission a proposed Reliability Standard or a modification to a Reliability Standard that addresses a specific matter if the Commission considers such a new or modified Reliability Standard appropriate to “carry out” section 215 of the

⁵⁰⁴ 16 U.S.C. 824o(a)(4) (2006).