

Reliability Management System (RMS). These regional reliability standards were established in response to two significant and widespread system outages in the West on July 2, 1996 and August 10, 1996. Under the RMS, participating parties agreed to comply with the RMS reliability standards and become subject to sanctions for non-compliance.

In 1999, the Commission approved WSCC's petition for declaratory order to: (1) assert jurisdiction over the WSCC's RMS; (2) find that the RMS is just and reasonable and consistent with Commission requirements; and (3) agree to undertake an appellate role specified in WSCC's appeal procedures.² In subsequent letter orders, the Commission accepted the first, second, third, fourth and fifth amendments to the RMS.³

WECC's Tier 1 Regional Reliability Standards

In 2005, Congress created a new Section 215 in the FPA that establishes a system of mandatory reliability standards in the bulk-power system. The Commission has been implementing important provisions of Section 215 over the past 20 months including certifying the North American Reliability Corporation (NERC) as the Electric Reliability Organization (ERO)⁴ and approving 83 of the 107 NERC proposed reliability standards.⁵

During the implementation period, WECC established a special task force (Regional Standards Task Force) in June 2006 to identify existing WECC standards that are unique and essential to the operation of the Western Interconnection. WECC's experience in developing and enforcing certain RMS standards gives it a unique and

² Western Systems Coordinating Council, 87 FERC ¶ 61,060 (1999) in Docket No. EL99-23-000.

³ First Amendment on August 21, 2000 in Docket No. ER00-2986-000; Second Amendment on December 11, 2000 in Docket No. ER01-275-000; Third Amendment on July 24, 2001 in Docket No. ER01-2167-000; Fourth Amendment on December 17, 2003 in Docket No. ER04-27-000; and Fifth Amendment on June 21, 2005 in Docket Nos. ER05-907-000 and ER05-907-001.

⁴ North American Electric Reliability Corporation, 116 FERC ¶ 61,062 (2007) in Docket No. RR06-1-000.

⁵ Mandatory Reliability Standards for the Bulk-Power System, 118 FERC ¶ 61,218 (2007), in Docket No. RM06-16-000 (Order 693).

important perspective on what it takes to maintain the reliability of the Western Interconnection. The WECC special task force identified three tiers of standards that had the potential to require action to establish WECC reliability standards in addition to NERC's reliability standards under Section 215.

WECC's first tier standards are high priority reliability standards judged to be critical for reliability in the Western Interconnection. These standards have been fully implemented under the RMS program and would supplement or strengthen the NERC standards. The Tier 1 standards were deemed ready for enforcement within the West after they were run through the WECC Standards Development Process for urgent standards. Second tier standards are similarly important to the West but were deemed to require more work to make them ready to be forwarded to NERC and FERC for enforceability.⁶ A third tier, on which work will continue well beyond 2007, are standards that WECC believes are important but which may be appropriate for implementation throughout the ERO regions and thus should be run through the NERC Standards Development Process before considering the adoption of a special Western standard.

In November 2006, WECC's Operating Committee determined that the Tier 1 standards should be developed as mandatory regional reliability standards under Section 215 of the FPA. On January 5, 2007, WECC's Board of Directors approved filing the following eight Tier 1 standards with NERC as proposed regional reliability standards and asked the NERC Board to approve them and request approval from FERC.

⁶ Only one standard has been identified for this tier—the WECC Automatic Time Error Correction Standard. This standard, BAL-004-1 is now posted for comment by the WECC Operating Committee. http://www.wecc.biz/documents/library/Standards/2007/Time%20Error%20Correction_Draft_Standard_WECC_1_5_cleanversion.pdf.

1. BAL-STD-002-0 Operating Reserves⁷
2. IRO-STD-006-0 Qualified Path Unscheduled Flow Relief⁸
3. PRC-STD-001-1 Certification of Protective Relay Applications and Settings⁹
4. PRC-STD-003-1 Protective Relay and Remedial Action Scheme
Misoperation¹⁰
5. PRC-STD-005-1 Transmission Maintenance¹¹
6. TOP-STD-007-0 Operating Transfer Capability¹²
7. VAR-STD-002a-1 Automatic Voltage Regulators¹³
8. VAR-STD-002b-1 Power System Stabilizers¹⁴

The Tier 1 Standards Contribute to Reliability in the Western Interconnection

As noted above, the Tier 1 standards are part of WECC's existing RMS contractual-based reliability standards. The RMS standards include metrics, compliance information and penalties for non-compliance. WECC has field tested and enforced these

⁷ BAL-STD-002-0 establishes specific operating reserve requirements for Balancing Authorities or Reserve Sharing Groups in the Western Interconnection that are more stringent than NERC proposed ERO standards.

⁸ IRO-STD-006-0 establishes procedures for mitigation of transmission overloads due to unscheduled line flow on Qualified Paths in the Western Interconnection. This implements the West's unique Unscheduled Flow Mitigation Procedures which the Commission has recognized as superior to the existing ERO standard. See Order 693 ¶ 964 ("In addition, the Commission approves the WECC . . . load relief procedures as superior to the national Reliability Standard.")

⁹ PRC-STD-001-1 requires Transmission Operators or Owners to certify all protective relay applications for Bulk Power Transmission Paths in the Western Interconnection.

¹⁰ PRC-STD-003-1 requires owners of protective relays and Remedial Action Scheme (RAS) for specified paths to analyze and prepare mitigation steps in response to known or probable relay misoperations.

¹¹ PRC-STD-005-1 requires Transmission Operators and Owners of specified paths to develop a Transmission Maintenance and Inspection Plan (TMIP) and to perform maintenance and inspection steps according to the TMIP.

¹² TOP-STD-007-0 requires Transmission Operators of specified paths to maintain actual power flows or net scheduled flow within the Operating Transfer Capability for the path requiring that transient stability limits must not be exceeded for more than 20 minutes (NERC is 30 minutes).

¹³ VAR-STD-002a-1 requires Generators keep automatic voltage control equipment on synchronous generators in service at all times with certain exceptions. Such equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations.

¹⁴ VAR-STD-002b-1 requires that Power System Stabilizers on generators be kept in service and properly tuned at all times with some exceptions.

standards for many years. FERC has approved these standards and the agreement providing conditions for enforcement. Although these standards do not conform to some of NERC's preferred characteristics, such as the NERC sanction table, they should be approved so long as they only add to and in no way harm the effectiveness of the ERO standards that have been approved or are under consideration by FERC. WECC's Tier 1 standards are "urgent" sanctionable standards that were proposed prior to defined ERO processes and aggressively developed in order to gain WECC, NERC, and FERC approval to put them in place on the same timetable with the ERO sanctionable standards. These "urgent" standards will be replaced by standards under development that should well conform to NERC's specifications for regional standards.

The Tier 1 standards will promote reliability in the Western Interconnection since these standards add to or tighten requirements in the NERC Reliability Standard filings.¹⁵ WECC has sought an expedited review to have these standards implemented by June, 2007, with the other 83 mandatory Reliability Standards approved by the Commission on March 15, 2007.

NERC's Review of WECC's Regional Reliability Standards

On February 8, 2007, WIRAB submitted advice to NERC with the following findings and recommendations:

¹⁵ Compared to the NERC standards, the lessons of 1996 blackout prompted WECC to adopt more stringent standards for the following 6 standards: PRC-STD-001-1 Certification of Protective Relay Applications and Settings; PRC-STD-003-1 Protective Relay and Remedial Action Scheme Misoperation; PRC-STD-005-1 Transmission Maintenance; TOP-STD-007-0 Operating Transfer Capability; VAR-STD-002a-1 Automatic Voltage Regulators; VAR-STD-002b-1 Power System Stabilizers. In contrast to the Eastern Interconnection TLR system, the West relies on the standards specified in IRO-STD-006-0 Qualified Path Unscheduled Flow Relief. WECC also adopted more specific and stringent operating reserve requirements than NERC in BAL-STD-002-0 Operating Reserves, whereby WECC Balancing Authorities must have contingency reserves to cover (1) their Most Severe Single Contingency (the NERC requirement) OR (2) seven percent of load responsibility that is served by thermal generation and five percent of load responsibility that is served by hydro generation, WHICHEVER IS GREATER. This standard provides a second layer of protection that can only increase the contingency reserve requirement.

1. WIRAB finds that WECC's Tier 1 standards are necessary for the reliability of the Western Interconnection grid. WIRAB finds that WECC's Tier 1 standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest.
2. WIRAB recommends that the NERC Board approve WECC's Tier 1 standards as mandatory regional reliability standards applicable for the Western Interconnection under Section 215 of FPA.
3. WIRAB recommends that the NERC Board approve WECC's Tier 1 standards no later than March 15 in order to allow sufficient time for (1) review and approval by the Federal Energy Regulatory Commission and (2) necessary implementation steps by WECC to ensure a smooth transition to mandatory standards under Section 215. This will allow the Tier 1 standards to be enforced beginning June 2007.

WIRAB also noted that NERC's review of WECC's proposed regional Reliability Standards is subject to the statutory requirement in Section 215(d)(3) of the FPA:

The Electric Reliability Organization shall rebuttably presume that a proposal from a regional entity organized on an Interconnection-wide basis for a reliability standard or modification to a reliability standard to be applicable on an Interconnection-wide basis is just reasonable, and not unduly discriminatory or preferential, and in the public interest.¹⁶

Since WECC will be a regional entity that is organized on an interconnection-wide basis, NERC must apply a rebuttable presumption that WECC's Tier 1 proposed regional reliability standards are just, reasonable, and not unduly discriminatory or preferential, and in the public interest.

Upon WECC's filing to NERC of the Tier 1 regional reliability standards, NERC posted the proposed standards for comment for 45 days from January 10 through February 26. On March 12, 2007, the NERC Board of Trustees approved WECC's proposal for the Tier 1 regional reliability standards in conjunction with the following four conditions.

¹⁶ Section 215(d)(3) of the FPA.

1. Assuming the regional reliability standards are approved by the Commission, the standards shall remain mandatory and enforceable until they are revised, replaced or withdrawn in a subsequent standards action, including approval of the revision, replacement or withdrawal by the Commission.
2. WECC shall meet its commitment to address the shortcomings identified in the standards, including removal of the WECC sanctions table, over the course of the year.
3. Until the WECC sanction table is removed, WECC shall follow the NERC Sanctions Guidelines to the maximum extent possible within the limits of the WECC sanction table.
4. WECC's compliance monitoring and enforcement activities for these regional reliability standards shall be subject to the terms of the proposed delegation agreement between NERC and WECC, once that agreement is approved by the Commission and executed by the parties.

WIRAB appreciates NERC's affirmative support for WECC's Tier 1 regional reliability standards. WIRAB finds the substantive nature of NERC's conditions acceptable. At the same time, however, WIRAB is concerned about the procedural process and criteria that NERC used in reaching its conclusions.

First, we note that NERC's first condition raises a due process issue in that the parties who voted to approve these WECC standards did so under the understanding that they were voting on a one year standard with a clear sunset date. By inserting this condition, NERC is attempting to implement Commission policy that has developed in orders subsequent to this voting process within WECC. While WIRAB tends to agree with the Commission and NERC that "urgent action" standards should not have a fixed one year sunset, we are concerned that by imposing that rule on these standards, due process has been abridged to the WECC members that approved these standards last November and January.

Second, it is not clear under what authority NERC can impose conditions on WECC's proposed regional standards except pursuant to the clear statutory mandate to apply a rebuttable presumption and its own rules of procedure.¹⁷ WECC developed the Tier 1 standards in a fair and open process that provided an opportunity for all interested parties to participate. The Tier 1 standards would only apply in the West and their application there would not have a significant adverse impact on reliability in other interconnections. The Tier 1 standards would not impair reliability of the bulk power system within the Western Interconnection that might cause a serious and substantial threat to public health, safety, welfare, or national security. On the contrary, failure to adopt Tier 1 standards as mandatory regional reliability standards will lower the level of reliability in the Western Interconnection

Third, we are particularly concerned that NERC has effectively disregarded or ignored the statutory rebuttable presumption in this case. This concern was prompted by the following statement in the NERC Board of Trustees' decision on the WECC Tier 1 standards:

WECC is a regional entity organized on an interconnection-wide basis, and the proposed regional reliability standards are to be applicable on an interconnection-wide basis. *Because each of the proposed standards*

¹⁷ NERC Rules of Procedure, Effective January 18, 2007 provide:

312.31 Presumption of Validity – An interconnection-wide regional reliability standard that is determined by NERC to be just, reasonable, and not unduly or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC reliability standard. NERC shall rebuttably presume that a regional reliability standard developed, in accordance with a regional reliability standards process approved by NERC, by a regional entity organized on an interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.

and

3.12.33 Approval of Interconnection-wide Regional Reliability Standard by NERC – NERC shall evaluate and recommend whether a proposed interconnection-wide regional reliability standard has been developed in accordance with all applicable procedural requirements and whether the regional entity has considered and resolved stakeholder objections that could serve as the basis for rebutting the presumption of validity of the regional reliability standard. . . .

*contains a sanction table that is inconsistent with the NERC Sanctions Guidelines, the proposed standards have lost the rebuttable presumption that such standards would otherwise have.*¹⁸ (emphasis added)

WIRAB strongly disagrees with the manner in which the statutory presumption was dismissed in this case. There is virtually no legal analysis about the reasonableness, potential discriminatory or preferential impacts, or the broader public interest at stake to support a finding that rebuts the presumption. By implication, NERC's action amounts to a summary dismissal of the statutory presumption based on its disagreement with one minor aspect of WECC's proposal. WIRAB anticipates that NERC will acknowledge its responsibility to the statutory rebuttable presumption in future actions.

Commission Standards for Reviewing WECC's Regional Reliability Standards

Under Section 215(d)(2) of the FPA, Congress established the following criteria for the Commission when considering proposed regional reliability standards applicable within an Interconnection:

[1] The Commission may approve, by rule or order, a proposed reliability standard or modification to a reliability standard if it determines that the standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

[2] The Commission shall give due weight . . . to the technical expertise of a regional entity organized on an Interconnection-wide basis with respect to a reliability standard to be applicable within that Interconnection.¹⁹

In response to the second condition, WECC will be the regional entity for the Western Interconnection and will be organized on an interconnection-wide basis.

¹⁸ NERC Board of Trustees, Decision Approving, With Conditions, Reliability Standards Proposed by the Western Electricity Coordinating Council, March 12, 2007, at 4-5, in Appendix B of NERC's filing Request for Approval of Proposed Reliability Standards by the Western Electricity Coordinating Council, March 26, 2007.

¹⁹ Section 215(d)(2) of the FPA.

Accordingly, we encourage the Commission to give due weight to the technical expertise of WECC in evaluating the Tier 1 regional reliability standards.

With respect to the first condition, WIRAB supports adoption of WECC's Tier 1 regional reliability standards. These proposed regional reliability standards are necessary for the reliability of the Western Interconnection grid. The Tier 1 standards are unique and essential standards that enhance reliability beyond the NERC standards. The Tier 1 standards are part of WECC's existing RMS reliability standards. These standards include metrics, compliance information and penalties for non-compliance. WECC has field tested and enforced these standards for many years. FERC has approved these standards and the agreement providing conditions for enforcement.

In summary WIRAB respectfully submits the Commission the following recommendations regarding WECC's proposal for mandatory regional reliability standards.

WIRAB Recommendation

- 1. WIRAB finds that WECC's Tier 1 standards are necessary for the reliability of the Western Interconnection grid. WIRAB finds that WECC's Tier 1 standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest.**
- 2. WIRAB recommends that the Commission approve WECC's Tier 1 standards as mandatory regional reliability standards applicable for the Western Interconnection under Section 215 of FPA.**

3. **WIRAB recommends that the Commission approve WECC's Tier 1 standards in time to ensure that they may be implemented and enforced with the other NERC mandatory reliability standards by June 2007.**
4. **Although WIRAB supports the concept of eliminating the originally proposed one year sunset for "urgent action" standards, WIRAB recommends that the Commission consider reinstating the one year sunset date for these standards as an indication that neither the ERO nor the Commission will change the procedural rules that apply to standards after they have been voted on in accordance with the then-existing Standards Development Process.**

Dated this 17th day of April, 2007.

Respectfully submitted,

A handwritten signature in black ink that reads "John F. Savage". The signature is written in a cursive, flowing style with a large initial "J".

John Savage, Chairman
Western Interconnection Regional Advisory Body