

**ADVICE OF THE
WESTERN INTERCONNECTION REGIONAL ADVISORY BODY TO THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
ON REVISED TIER 1 REGIONAL RELIABILITY STANDARDS BY THE
WESTERN ELECTRICITY COORDINATING COUNCIL**

The Western Interconnection Regional Advisory Body (WIRAB) submits advice to the Board of Trustees of the North American Electric Reliability Corporation (NERC) regarding seven revised Tier 1 regional reliability standards for the Western Interconnection submitted by the Western Electricity Coordinating Council (WECC).

WIRAB believes the revised Tier 1 regional reliability standards improve reliability in the Western Interconnection and meet the statutory condition of being just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB advises NERC to endorse all seven of WECC's revised Tier 1 regional reliability standards and request approval by the Federal Energy Regulatory Commission (FERC). Most importantly, WIRAB urges NERC to adhere to the statutory rebuttable presumption extended to WECC as a Regional Entity organized on an Interconnection-wide basis and reject NERC staff recommendations to remand two of the proposed revised Tier 1 standards.

Background

Pursuant to Section 215(j) of the Federal Power Act (FPA), WIRAB is the regional advisory body for the Western Interconnection and provides advice to FERC, NERC, and WECC regarding reliability standards, fees, and governance impacting the Western Interconnection.¹ WIRAB members represent the states of Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota,

¹ Section 215(j) of the Federal Power Act (FPA), 16 U.S.C. 824.

Utah, Washington, and Wyoming, the Canadian provinces of Alberta and British Columbia, and Mexico.

In 2006, WECC proposed using expedited procedures to develop eight high priority interim regional reliability standards (Tier 1 Standards) from its existing contractual Reliability Management Standards.² WIRAB submitted advice to NERC³ and FERC⁴ in support of the interim Tier 1 standards.

On June 8, 2007, FERC issued an order approving WECC's eight Tier 1 regional reliability standards (WECC Approval Order).⁵ FERC identified various shortcomings in the proposed standards and directed modifications when WECC develops permanent, replacement standards.⁶

Over the following year, WECC worked to develop permanent replacement standards using its approved Process for Developing and Approving WECC Standards. In June, 2008, WECC submitted to NERC the following seven revised Tier 1 regional reliability standards:

BAL-002-WECC-1 Contingency Reserve

FAC-501-WECC-1 Transmission Maintenance

IRO-006-WECC-1 Qualified Transfer Path Unscheduled Flow Relief

² The original Tier 1 regional reliability standards are: (1) BAL-STD-002-0 Operating Reserves; (2) IRO-STD-006-0 Qualified Path Unscheduled Flow Relief (3) PRC-STD-001-1 Certification of Protective Relay Applications and Settings; (4) PRC-STD-003-1 Protective Relay and Remedial Action Scheme Misoperation; (5) PRC-STD-005-1 Transmission Maintenance; (6) TOP-STD-007-0 Operating Transfer Capability; (7) VAR-STD-002a-1 Automatic Voltage Regulators; (8) VAR-STD-002b-1 Power System Stabilizers

³ Advice of the Western Interconnection Advisory Body to the Electric Reliability Organization on Proposed Tier 1 Regional Reliability Standards by the Western Electricity Coordinating Council, February 8, 2007

⁴ Advice of the Western Interconnection Advisory Body to the Federal Energy Regulatory Commission on Proposed Tier 1 Regional Reliability Standards by the Western Electricity Coordinating Council, Docket No. RR07-11-000, April 17, 2007.

⁵ Order Approving Regional Reliability Standards for the Western Interconnection and Directing Modifications, 119 FERC ¶ 61,260 (June 8, 2007) Docket No. RR07-11-000. (WECC Approval Order)

⁶ *Id.* at 56, 72, 78, 89, 98, 110 and 123.

PRC-004-WECC-1 Protective System and Remedial Action Scheme Misoperation

TOP-007-WECC-1 System Operating Limits

VAR-002-WECC-1 Automatic Voltage Regulators

VAR-501-WECC-1 Power System Stabilizers

NERC posted the revised Tier 1 for a 45-day comment period from April 4, 2008 to May 20, 2008. WECC drafting teams responded to comments filed.

In October, 2008, NERC staff issued a report that recommends conditional approval of five revised Tier 1 standards (FAC-501-WECC-1, PRC-004-WECC-1, TOP-007-WECC-1, VAR-002-WECC-1, VAR-501-WECC-1) and remand to WECC of two revised Tier 1 standards (BAL-002-WECC-1, IRO-006-WECC-1). The NERC Board of Trustees is scheduled to review and act on the revised Tier 1 regional reliability standards at its meeting on October 29, 2008.

Standards for Approving the Regional Reliability Standards

Section 215(d)(2) of the FPA requires that all reliability standards must be “just, reasonable, not unduly discriminatory or preferential, and in the public interest.”⁷

Section 215(d)(3) of FPA states that:

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.⁸

⁷ 16 U.S.C. 824o(d)(2).

⁸ Section 215(d)(3) of the FPA.

The FPA extends additional statutory deference to regional entities organized on an interconnection-wide basis by requiring FERC to give due weight to the technical expertise of a Regional Entity organized on an Interconnection-wide basis.⁹

These provisions were central to Western Governors' support of the legislation establishing Section 215 of the FPA.

FERC set forth additional criteria for regional reliability standards in Order 672. A regional standard must either be (1) more stringent than a continent-wide reliability standard or (2) necessitated by a physical difference in the bulk power system.¹⁰

FERC also elaborated on the rebuttable presumption condition in developing rules for certifying the Electric Reliability Organization (ERO) in Order 672.

We clarify that the rebuttable presumption in section 39.5(b) refers to the burden of proof before the ERO. Any person objecting to the proposed Reliability Standard before the ERO would have the burden of demonstrating to the ERO that a Reliability Standard proposed by an Interconnection-wide Regional Entity does not satisfy the ERO criteria for approval and is therefore not entitled to any presumption. . . . If the ERO does not find that the presumption is adequately rebutted, it must accept the proposed Reliability Standard from a Regional Entity organized on an Interconnection-wide basis to be just, reasonable, not unduly discriminatory or preferential, and in the public interest and must submit such a proposed Reliability Standard to the Commission for approval.¹¹

Since WECC is a regional entity organized on an interconnection-wide basis, use of rebuttable presumption applies to NERC review of the revised Tier 1 proposed regional reliability standards. In the WECC Approval Order, FERC stated that NERC

⁹ Section 215(d)(2) of the FPA

¹⁰ Order 672 at 292.

¹¹ Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006) (Order 672) P 301.

must support any decision to rebut this presumption by providing a “robust discussion of its reasoning for finding that the rebuttal presumption has been overcome.”¹²

NERC Should Approve the Revised Tier 1 Standards

WIRAB believes that NERC should approve the WECC’s revised Tier 1 standards because:

1. All seven standards are more stringent than existing NERC standards;
2. NERC staff failed to accurately apply the legal standards for approving standards developed by an interconnection-wide Regional Entity;
3. BAL-002-WECC-1 improves reliability in the Western Interconnection by providing a permanent replacement standard that removes ambiguities found in the original Tier 1 standard that caused market and reliability uncertainty;
4. The impact of BAL-002-WECC-1 was studied by WECC which found no reliability risk and concluded that no additional analysis was needed due to the selection of hours studied.
5. NERC staff may not fully understand WECC’s changes to IRO-006WECC-1.
6. The proposed revised standards address the modifications directed by FERC in the WECC Approval Order.

WIRAB strongly advises NERC to adhere to the statutory rebuttable presumption extended to WECC as a Regional Entity organized on an Interconnection-wide basis. We believe the NERC staff recommendation to remand two of the proposed revised Tier 1 standards (BAL-002-WECC-1, IRO-006-WECC-1) is contrary to the statutory rebuttable presumption requirement, and is not supported by robust discussion of its reasoning.

¹² WECC Approval Order, at P 38.

NERC action to remand the revised Tier 1 standards based on the NERC staff recommendation would trivialize the process to rebut the presumption and is contrary to congressional intent for establishing a rebuttable presumption.

BAL-002-WECC-1 Contingent Reserve Standard

The NERC staff recommendation on BAL-002-WECC-1 provides the following justification for rebutting the statutory presumption:

Several commenters offered challenges to the technical basis for the change in contingency reserve assignments and allocations. These challenges serve to rebut the presumption of validity for WECC as a Regional Entity organized on an interconnection-wide basis. On this basis, NERC staff recommends the proposed Regional Reliability Standard be remanded to establish a more sufficient technical justification for the change in R1.1.2.

The NERC staff recommendation lacks any independent analysis to challenge the technical basis for the change in contingency reserve assignments and allocations. NERC staff's recommendation is based on the concerns raised by a small number of commenters that filed comments on the standard. Our review of the filed comments to NERC shows there were seven parties that submitted comments on BAL-002-WECC-1 and four parties that raised concerns about the standard. WECC filed responses to each of these concerns. NERC staff does not offer its own independent technical assessment why the WECC position should be trumped by parties filing comments. We understand the NERC staff was not engaged in the lengthy and detailed discussions and deliberations in the development process leading up to the filing of the the revised standard. We found no robust discussion by NERC staff of its reasoning for finding that the rebuttal presumption has been overcome. Based on the NERC staff rationale, it can rebut the congressionally-

mandated rebuttable presumption requirement based on negative comments filed by any stakeholder during a 45-day public comment period. We find this position very troubling.

NERC staff does not even report that despite a high level of controversy in its development, when this standard was voted on in the WECC Operating Committee (OC), it was overwhelmingly approved,¹³ and when it was considered by the WECC Board, 28 directors voted in favor, one director voted against, and there was one abstention. Nor does the NERC staff even try to capture the details of the debate that occurred within WECC during the standards development process. Instead, NERC staff gives overwhelming weight to the comments of a few dissenting parties who have continued their objections into this forum.

NERC staff also justifies the remand recommendation on grounds that WECC should propose a modification to the proposed standard that permits use of demand side resources for contingency reserves. We find no merit in this argument. WECC's revised contingency reserve reliability standard should not be denied because NERC has not revised its definition of Spinning Reserve to allow the use of resources other than generation.

IRO-006-WECC- Qualified Path Unscheduled Flow Relief

The NERC staff recommendation to remand IRO-006-WECC-1 is based on the proposition that the revised standard is no longer more stringent than the corresponding

¹³ The minutes of the WECC OC meeting report that Transmission Providers voted in favor 22 to 6 with 6 abstentions, Transmission Customers voted in favor 36 to 10 with 5 abstentions, and State and Provincial Representatives voted in favor 1-0-0. See <http://www.wecc.biz/index.php?module=pagesetter&func=viewpub&tid=4&pid=2> (Minutes of the March 6-7, 2008 meeting of the Operating Committee at page 13).

NERC reliability standard. No comments were filed during the 45-day public comment period raising this issue. Technical experts from WECC disagree with NERC staff on this position and offer a detailed explanation in the WECC response filed with NERC.

Finally, WIRAB notes that if these two standards are rejected by the NERC Board, the result is that the two corresponding interim standards will continue to be enforceable until they are replaced.¹⁴ This means that many improvements that were required by NERC and FERC, including use of the NERC sanction guidelines, will not be implemented for these standards unless and until WECC is able to bring back a revised standard that satisfies the NERC staff. In the case of the contingency reserve standard, it also means that the enforceability of the standard is likely to be in question because of ambiguity in the term “load responsibility,” which the proposed permanent standard addressed. We respectfully conclude that the NERC staff appears to have let the perfect become the enemy of the good in this case. The NERC Board should reject this approach to review of regional standards proposed by a Regional Entity with Interconnection-wide scope.

WIRAB Recommendations

- 1. WIRAB advises that WECC’s revised Tier 1 standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest.**
- 2. WIRAB advises NERC to adhere to the statutory rebuttable presumption extended to WECC as a Regional Entity organized on an Interconnection-wide basis.**

¹⁴ WECC Approval Order at p 33.

3. **WIRAB recommends that NREC approve WECC's revised Tier 1 standards as regional reliability standards applicable for the Western Interconnection under Section 215 of FPA.**

Dated this 24th day of October, 2008.

Respectfully submitted,

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

John Savage, Chairman
Western Interconnection Regional Advisory Body