

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Technical Conference
North American Electric Reliability
Corporation
Public Service Commission of South
Carolina and the South Carolina
Office of Regulatory Staff

Docket No. AD12-1-000
Docket No. RC11-6-000

Docket No. EL11-62-000

Not Consolidated

**FOLLOW-UP COMMENTS OF THE
TRANSMISSION ACCESS POLICY STUDY GROUP
TO FIRST DAY OF TECHNICAL CONFERENCE**

Pursuant to the invitation extended at the November 29, 2011 Reliability Technical Conference, the Transmission Access Policy Study Group (“TAPS”) files these brief follow-up comments regarding the discussion on the first day of the Technical Conference.

INTEREST OF TAPS

TAPS is an association of transmission-dependent utilities in more than 30 states, promoting open and non-discriminatory transmission access.¹ As transmission-dependent utilities, TAPS members have long recognized the importance of grid reliability. As TDUs, TAPS members are users of the bulk power system, highly reliant on the reliability of facilities owned and operated by others for the transmission service required to meet TAPS members’ loads. In addition, many TAPS members participate in the development of and are subject to compliance with NERC Reliability Standards.

¹ Tom Heller, Missouri River Energy Services, chairs the TAPS Board. Cindy Holman, Oklahoma Municipal Power Authority, is TAPS’ Vice Chair. John Twitty is TAPS’ Executive Director.

Thus, TAPS is sensitive to both the need for standards to support grid reliability, as well as the need to make the standards clear and cost-effective.

Communications regarding these proceedings should be directed to:

John Twitty
Executive Director
TAPS
4203 E. Woodland St.
Springfield, MO 65809
Tel.: (417) 838-8576
E-mail: 835consulting@gmail.com

Cynthia S. Bogorad
Rebecca Baldwin
SPIEGEL & MCDIARMID LLP
1333 New Hampshire Ave., NW
Washington, DC 20036
Tel.: (202) 879-4000
Fax: (202) 393-2866
E-mail: cynthia.bogorad@spiegelmc.com
rebecca.baldwin@spiegelmc.com

I. COMMENTS

TAPS supports the oral comments and Written Statement² of William J. Gallagher, current Chairman of the NERC Member Representatives Committee, retired CEO of Vermont Public Power Supply Authority, and consultant to TAPS, who participated in the first panel at the November 29, 2011 Technical Conference. We submit these follow-up comments to briefly address three points discussed during that panel.

1. Steps to be Taken to Make Directives More Manageable

At the Technical Conference, Chairman Wellinghoff appeared to recognize that something needed to be done about two unacceptable “bookends” – the 600+ outstanding directives and the suggestion that it could take five years for a proposed standard to make it through the NERC standard development process – and asked what could be done to

² Written Statement of William J. Gallagher for the November 29 Technical Conference (Nov. 22, 2011), eLibrary No. 20111125-4004, *available at* <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12825258>.

limit directives to what is needed to minimize risk of outage. TAPS supports a number of suggestions made by panelists in response to the Chairman's important question.

For example, we agree with the suggestion made by Allen Mosher (American Public Power Association and Chairman of the Standards Committee) that the Commission's Technical Staff make their views known, in writing, in the standards development process so they can be fully considered and evaluated in the stakeholder process.³ We also agree with NERC CEO Cauley's comment that the Commission should focus on high level objectives, noting that the line-by-line nature of many outstanding directives is particularly difficult to deal with in the standards development process. We also agree with his comment that with 1400+ requirements in place, we have to get to the point of taking some things off the table where they do not advance reliability.

The suggestion of Kevin Burke (Consolidated Edison Inc. and Edison Electric Institute) that the Commission Staff reexamine outstanding directives and make recommendations as to those that can be withdrawn is worthy of consideration and implementation. Many of the early directives do not include the flexibility consistent with the evolving NERC-FERC relationship reflected in a number of post-March 18, 2010 orders. The effort to prioritize resources of both NERC and the industry would benefit from Commission identification of directives that, with the benefit of experience and considering relative priorities, no longer merit the significant resources required to develop a responsive standard and get it through the standards development process, and

³ References to the statements made at the Technical Conference are all based on notes, because no transcript has been yet posted as of the date of filing.

should be dropped. In that regard, there's certainly a role for the suggestion of John Anderson (Electricity Consumers Resource Council) to consider at least a back-of-the-envelope assessment of what is required to achieve compliance and whether the cost is worth it.

Another approach that may prove useful in avoiding unduly burdensome directives may be to follow the example set in the Commission's recent resolution of the interpretation of TPL-002-0, Requirement R1.3.10, in Docket No. RM10-6.⁴ The Order established a process for the Commission staff technical experts to meet with NERC and industry subject matter experts to explore an issue of potential concern, with NERC to report back with an assessment of whether there is an issue that needs to be addressed, in what forum, and at what priority.

Further, according greater recognition to the intent of Section 215(d)(2)'s requirement that the Commission give "due weight" to the technical expertise of the Electric Reliability Organization would better ensure that directives are truly needed to ensure reliable operations of the bulk power system.

For their part, NERC and the industry need to take a hard look at streamlining the standards development process, as NERC CEO Cauley recognized in noting his intent to convene a CEO-level meeting on the subject in the first quarter of 2012. As Bill Gallagher explained in his Written Statement (at 7):

The time has also come for NERC and its stakeholders to reexamine the standard development process to identify new ways for it to be streamlined, while creating standards that work for an industry with the diversity of the electric utility industry. As now structured and implemented, the

⁴ *N. Am. Elec. Reliability Corp.*, 136 FERC ¶ 61,186 (2011).

process takes too long. But any revised process developed by NERC and the industry would have to carefully balance the need for greater expedition against the need to ensure an opportunity for meaningful input by a wide range of industry players. Retaining ANSI accreditation is also key to retaining legitimacy and respect. The delicacy involved in reassessing and revising this all-important process demands that the task be left to NERC and the industry to work through.

2. How Do We Assess Progress?

Commissioner LaFleur posed the central question of how to assess whether NERC is making the grid more reliable. NERC CEO Cauley suggested an annual NERC report, with metrics to assess progress. Mike Smith (Georgia Transmission Corporation and National Rural Electric Cooperative Association) noted the importance of developing a definition of Adequate Level of Reliability as a basis for such assessment. TAPS agrees. The definition of Adequate Level of Reliability is an essential predicate for, and should guide the development of, metrics assessing whether NERC is making progress. We should be not put the cart before the horse. Given the effort underway to develop a definition of Adequate Level of Reliability, we should not rush to establish metrics before that process is completed.

3. Regional Standards are a Diversion of Resources That Should be Avoided, if Possible

In connection with Deborah Le Vine's (California ISO) description of issues California is facing with regard to integration of intermittent generation, regional standards were suggested as a means to achieve region-specific solutions to region-specific problems. Without ruling out regional standards in all cases, TAPS is skeptical that regional standards are the best way for NERC to address emerging issues, which are unlikely to be unique to a particular region. For example, the issue of integration of

intermittent generation is certainly not restricted to WECC. That issue is a growing concern in other regions, as illustrated by comments made at the Technical Conference by Peter Fraser (Ontario Energy Board).

Especially within the Eastern Interconnection, regional standards are more likely to be a diversion of resources, than a productive means to address problems truly confined to a region. As explained in Bill Gallagher's Written Statement (at 6-7):

One unnecessary distraction that should be avoided is regional standards. Where there's a national or interconnection-wide standard in place, regions should have to meet a high threshold to justify the diversion of industry resources on the development of regional standards, not to mention the loss of consistency and additional compliance burden on multi-regional entities. While I recognize that the Commission's initial reliability rulemakings did not rule out regional standards that were more stringent than the NERC-wide standards, greater appreciation of the challenges of addressing priority issues argues against permitting a proliferation of regional standards. Our limited resources should be focused where they can make the greatest contribution to BPS reliability—getting the broad and sustained industry involvement required to get NERC standards right and clear—rather than allowing regional standards development to siphon off needed resources to endeavors less productive for enhancing reliability.

Thus, there should be a strong preference for addressing reliability issues, including emerging issues, through continent-wide standards if at all possible. Focusing resources on continent-wide standards would help to address what all participants at the technical conference recognized as the “overload” issue, which is particularly challenging for small entities. To the extent that bulk electric system topology or performance characteristics of generators varies between regions, then regional *variances* from the

continent-wide standard should be developed in accordance with the NERC Rules of Procedure.

Respectfully submitted,

/s/ Cynthia S. Bogorad

Cynthia S. Bogorad
Rebecca J. Baldwin

Attorneys for
Transmission Access Policy Study
Group

Law Offices of:
Spiegel & McDiarmid LLP
1333 New Hampshire Avenue, NW
Washington, DC 20036
(202) 879-4000

December 9, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated on this 9th day of December, 2011.

/s/ Rebecca J. Baldwin

Rebecca J. Baldwin

Law Offices of:
Spiegel & McDiarmid LLP
1333 New Hampshire Avenue, NW
Washington, DC 20036
(202) 879-4000