

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Electric Reliability  
Organization Definition of Bulk  
Electric System and Rules of  
Procedure

Docket Nos. RM12-6-000  
RM12-7-000

**ANSWER IN PARTIAL SUPPORT OF MOTION FOR  
EXTENSION OF AMERICAN PUBLIC POWER  
ASSOCIATION AND TRANSMISSION ACCESS  
POLICY STUDY GROUP**

Pursuant to 18 C.F.R. § 385.213, the American Public Power Association (“APPA”) and Transmission Access Policy Study Group (“TAPS”) (collectively, “APPA-TAPS”<sup>1</sup>) file this Answer in Support (“Answer”) of the Motion for an Extension of Time submitted by the North American Electric Reliability Corporation (“NERC”) on May 23, 2013.<sup>2</sup>

In its Motion, NERC requests that the Commission grant an extension of time of the effective date of the definition of Bulk Electric System (“BES”) from July 1, 2013 to July 1, 2014. APPA-TAPS support NERC’s request for extension of the effective date of the revised definition of BES, but seek clarification that the revisions to the NERC Rules of Procedure submitted in conjunction with the revised definition will be permitted to take effect on July 1, 2013.

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<sup>1</sup> APPA and TAPS have previously participated in this rulemaking proceeding. *See, e.g.*, Comments of American Public Power Association, Sept. 4, 2012, eLibrary No. 20120904-5219; Comments of Transmission Access Policy Study Group, Sept. 4, 2012, eLibrary No. 20120904-5237.

<sup>2</sup> eLibrary No. 20130523-5133.

As noted in NERC's request, "the Commission accepted the definition of BES in Order No. 773, which goes into effect on July 1, 2013, but it also directed changes which are being implemented through the NERC standard development process. Therefore, absent Commission action, there would be a period of time during which the existing definition – without the Commission-directed modifications – would be in effect ('Transition Period')." <sup>3</sup>

NERC explains that the changes directed in Order Nos. 773 and 773-A<sup>4</sup> to Exclusions E1 and E3 to address generator tie-lines and low-voltage loops between radial systems have produced tremendous regulatory uncertainty within the industry and a need for a prompt course correction. "The practical effect [of the Commission's orders] is to require affected entities that wish to remove their Elements from the BES during the Transition Period to submit an Exclusion Exception request, which will not be required once the changes that were directed by the Commission have been approved and made effective. The submittal of an Exclusion Exception request requires the submission of detailed information and can take several months to process." <sup>5</sup>

NERC states that it is prepared to issue guidance on the treatment of Elements during the Transition Period and is committed to working with industry through the standard development process to comply with the Commission's directives and expects to file such a petition with the Phase 2 modifications to the BES definition by no later than December 31, 2013, based on the current standard development schedule.

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<sup>3</sup> NERC Motion at 3.

<sup>4</sup> Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure, Order No. 773, 78 Fed. Reg. 804 (Jan. 4, 2013), 141 FERC ¶ 61,236 (2012), *clarified on reh'g*, Order No. 773-A, 78 Fed. Reg. 29,210 (May 17, 2013), 143 FERC ¶ 61,053 (2013).

<sup>5</sup> NERC Motion at 4.

APPA-TAPS agree with NERC that a Commission order delaying the effectiveness of the BES definition and the start of its implementation plan by one year, to July 1, 2014, as requested by NERC, is reasonable and prudent. The extension will allow time for NERC to address outstanding technical issues through the reliability standards development process, including but not limited to the issues that the Commission directed NERC to address in Phase 2, while preserving the 24-month implementation period proposed in NERC's January 25, 2012 Petition for Approval.<sup>6</sup> Similarly to other industry segments, many APPA-TAPS members are concerned about the uncertainty surrounding Exclusions E1 and E3, particularly with respect to the Commission's directives concerning transmission Elements that are part of radial systems and Local Networks that perform distribution functions. Once clarified through the standards development process, these Exclusions should ensure that transmission voltage Elements that serve distribution functions are not inadvertently included in the BES. Accordingly, APPA-TAPS support NERC's motion to extend the effective date of the revised BES definition by one year.

However, discussions with certain member utilities indicate that the base BES definition and those Inclusions and Exclusions that were approved by the Commission in Order No. 773 are sufficiently clear that they can be applied now, on a case-by-case basis, through the NERC exception process, to exclude those Elements that have no significant impact on the BES, while including those Elements that do. APPA-TAPS request that NERC clarify that it will accept Rules of Procedure Exclusion Exception and Inclusion Exception requests now that will become effective and enforceable as of July 1,

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<sup>6</sup> eLibrary No. 20120125-5248.

2013. Registered entities that are relying on the specific Inclusions and Exclusions approved by the Commission in Order No. 773 should be allowed to seek a waiver under appropriate NERC guidance. In effect, NERC would accept the information required to show that an entity would qualify for a self-determined Exclusion from an entity that can clearly demonstrate it qualifies, even with the uncertainty associated with Order Nos. 773 and 773-A, as prima facie support for an Exception Request. Again, the intent of this proposal is to prevent the extension from having a negative impact on those entities that see some urgency to apply the revised definition during the Transition Period, while providing regulatory certainty to other entities that elect to wait for approval of the Phase 2 modifications.

Other APPA and TAPS member utilities are considering whether to begin the process of submitting a complete case-by-case Exception request that does not rely upon the Inclusions and Exclusions that are subject to modification in Phase 2. These members would support their Exception applications with engineering studies demonstrating that the element is not necessary for the reliable operation of the interconnected bulk power transmission system under normal and post-contingency conditions.<sup>7</sup> Given the potential complexity of such studies and analyses, it makes sense to start that process now, rather than to wait for the potential flood of self-identifications and case-by-case Exception requests that are expected to be submitted once the definition is finalized in 2014.

For these reasons, APPA-TAPS support NERC's Motion for a one-year extension of the effective date of the BES definition, while seeking clarification that the NERC Rules of Procedure Exception process will become effective as of July 1, 2013.

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<sup>7</sup> NERC Rules of Procedure App. 5C, § 3.1(a).

Respectfully submitted,

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May 31, 2013