

Compliance Template Comments

ftp://www.nerc.com/pub/sys/all_updl/compliance/cttf/Template_Comments.pdf

Introduction to the Comments

The NERC Compliance Template Task Force is posting these comments to the Compliance Templates. The CTTF thanks the industry for providing such complete comments in a very short time frame. That short time frame also prevents the CTTF from responding to the comments at this time. However, these industry comments are posted for your review.

The responses are separated by template. If you sent comments for more than one template, each comment went to the appropriate template.

Within most of the templates you will find two categories: one labeled “Comments incorporated into the templates or recommended for follow-on work”, the other labeled “Comments referred to the Reliability Standards Process for future work.” There is also a General Comments area at the beginning of this document where process-related comments and non-template specific comments were placed.

Comments listed under “Comments incorporated into the templates or recommended for follow-on work” were incorporated in part or in whole into the template. If not, the comment was set aside as part of the recommendations for follow-on work that the CTTF is recommending be done as soon as possible.

Comments listed under “Comments referred to the Reliability Standards Process for future work” will be sent to the NERC Director–Reliability Standards so they can be considered in future standards development work.

Duplicate matching comments have been entered only once in this document. The only way of identifying the entity providing the comment is if the entity’s name is in the text of the comment.

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General Comments

For operating limits, wherever the templates read: “The value (such as MW, MVar, Amperes, Frequency, or Volts)”, it should read “Hertz” instead of “Frequency”.--Robert Blohm

1. Although these templates are not approved yet they still should have some form of revision number or date included in the body of the template to prevent future confusion with other 2004 templates previously issued.
2. It is not clear why penalties and sanctions previously included in templates have been removed from this issue. NERC or the CTTF should explain their intentions in this area.

Therefore the “Operating Reserve” Compliance Template, and thus the entire Compliance Template “Package”, takes so much liberty with NERC’s precious policy procedures for so little return in an operating-reserve requirement that is technically unjustifiable for being at best redundant, and at worst arbitrary and damaging to the integrity of NERC’s operating performance standards. NERC needs legislated enforcement authority, not an “operating reserve” requirement undemocratically adopted against the informed technical opinion of the membership.--Robert Blohm

CenterPoint Energy cannot endorse the Compliance Template Package without having a reasonable amount of time to review the templates and having reasonable due process to request changes or seek clarification to the submittal. NERC has allowed less than a week to review over 100 pages of compliance templates. NERC indicates the requirements have not changed, but have only been “clarified”, and that some new measures have been added.

CenterPoint finds this rationale unsatisfactory. If the changes are immaterial, then there is no harm in letting the existing templates stand pending development of new requirements. If the changes are material, then NERC is effectively seeking a rubber-stamp endorsement by shorting out the normal process for developing and approving criteria. CenterPoint Energy will not offer a rubber-stamp endorsement.

The period for responding to the templates was unusually short. The process does not appear to be following the Urgent Action process that NERC established for such items that are required to be handled on a fast track. We suggest that this process would be more appropriate, especially now that we have been through it with the Cyber Security SAR / Standard. These changes cannot be required or considered in a time frame shorter than that used for the Cyber standard.

With the short review time that was allowed, it is not likely that all stakeholders have been able to understand the workload that will result from these changes, even if we do agree that they are necessary. The work load related to documentation, proof of compliance, audit functions,... is ever increasing and rubs against our efforts to be a low cost provider for customers in our marketplace. The increasing overburden of effort must be considered as new standards are executed.

Finally, there needs to be a transition phase to allow implementation of the new templates. We do not wish to endorse changes that may automatically make us non-compliant. There is no clear understanding of where this proposal will go after it is presented to the Board, and we do not want the changes implemented on an immediate basis, without a phase in period allowing utilities to establish programs to meet the requirements.

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The reliability benefit gained often does not appear to offset the additional record-keeping burden created by the proposed templates.

- Giving the industry less than 4 days to review, comment and vote on multiple new requirements is troubling. Improving reliability should be based on clear expectations and verifiable standards that have been fully fleshed out, developed in an open process, and built around the entities in the functional model.

Given the short period of time between posting of the templates on NERC's website and the close of the comment period (approximately 4 business days), it is unlikely that a significant amount of stakeholdering was possible within the industry. It should be anticipated and accepted that there may be additional comments / questions from industry going forward and there should be a process in place to address those additional comments.

OPG also wishes to raise the issue of implementation of the modified templates. A transition period may be advisable. A transition period would allow the CTTF to address additional comments not identified during the short formal comment period. It would also address the hypothetical possibility of an entity being deemed non-compliant immediately upon implementation of these templates. For example, some of the templates have had adjustments made to the descriptions associated with the levels of noncompliance.

A specific situation that may have been considered to be "level 2 non-compliant" in the old version of the template may now be considered "level 4 non-compliant". Since reporting periods are historical, this amounts to a retroactive application of the template, which is inappropriate. The issue of retroactive application must be considered when formulating an implementation plan. The IRC appreciates the CTTF effort involved in reviewing and rewriting the NERC Compliance Templates. We strongly support efforts to improve the reliability of the Interconnections. While we know that the time is very limited on this revision cycle, we believe that there are enough significant issues identified below to warrant continuing the process going forward. We do appreciate the ability to comment in this period, and look forward to providing additional comments, as the templates are further refined.

While many of the Compliance Templates reflect requirements that have gone through extensive due process and have been in place for some time, there are some templates that have not. Further, some templates expand the requirements of current Operating Policy, effectively implementing a Policy change. There may be some urgency to adopt changes due to the finding of the Blackout. But we need to recognize that these actions are bypassing the Board's previously approved Standards Process and their directive that changes to existing Policies only be made in emergencies. Some of the Template changes are not "emergency" in nature. Further, the continual revision of existing Operating Policies undermines the effort to gain industry involvement and support of the NERC Standards Process. We should not lose focus on the Standards Process and the Functional Model.

We have a concern that in an effort to be proactive, existing process is being circumvented. Giving the industry less than 4 days to review, comment and vote on multiple new requirements is troubling. The long-term path to reliability revolves around clear expectations and verifiable standards, developed in an open process, built around the entities in the Functional Model.

We also believe that a transition period must be defined, especially for compliance with new templates or new requirements. We feel that this is a key issue that needs to be discussed in an industry wide forum as soon as possible.

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P1T4

Note from the CTF: This template was removed from the Compliance Template package. The CTF recommends that the reserve concerns that brought this proposed template into being be addressed in the Reliability Standards process.

Comments referred to the Reliability Standards Process for future work

CPS1, CPS2, and DSC are sufficient enough standards under current policy to measure a Control Areas performance. This addition is unnecessary.

While the template mentions the reserve requirements of Policy 1, Sections A, E, and C, it should be noted that none of these sections give specific requirements for reserve levels other than enough to ensure meeting the applicable requirement (control performance, frequency response, etc.). This is also true in Section B where the only requirement is that enough Operating Reserves must be carried to recover from a DCS. So it is unclear from the start what reserve level requirements are being referenced here. This being said, most Control Areas do have specific reserve margins calculated for daily use and should be able to report these as required. But the reserves are there for use of the Control Area to respond to unusual conditions. Again, one of the few specific requirement is shown in this area is in Section B where the DCS recovery period is mentioned and the requirement is specifically stated that Operating Reserve levels must be returned in 90 minutes. But the P1T4 reporting requirement would seem to indicate that even if reserves are used to respond to a DCS, and are returned to normal within 90 minutes, this would still have to be reported as a violation of the P1T4 requirement to have Operating Reserves equal to or greater than 100%. It would not seem reasonable to use reserves as intended but still be non-compliant in P1T4. The intent of this whole template is very unclear and should be revised significantly before issuing.

The “operating reserve” requirement is a bald, undemocratic attempt to introduce a policy that will override existing performance policies/Standards, especially CPS1. Ability to meet the CPS1 performance requirement is already the very definition of operating-reserve “adequacy”. There is no other definition. The proponents of an operating-reserves requirement are egregiously using NERC’s statutory inability to enforce performance requirements as an excuse to reject performance requirements as ineffective and then to “add” an “operating reserves” requirement, which is not more enforceable than any performance requirement. The operating-reserve requirement proposal is “undemocratic” because (a) it is “bundled” with a lot of otherwise acceptable templates in a yes-or-no package, (b) it hastily short-circuits the open expert debate that to-date has rejected an operating-reserve requirement and heretofore been NERC’s hallmark and (c) it overnight shifts the burden of justification from the proponents of a reserve requirement to the opponents. There will be no way to remove this “operating reserves” policy because the policy can be removed only by developing a Standard for “operating reserves”.--Robert Blohm

This template should be rejected on the grounds that it is unnecessary and simplistic. It is the responsibility of each system to determine its hourly (or daily) operating reserve margin requirements, and the makeup of those reserves, consistent with Policy 1. Many systems have aggressive demand-side management programs meaning that some loads are price sensitive. The calculation in P1T4 does not explicitly account for these programs, nor does it account for the ability of the system to obtain capacity and energy in the spot market (for daily reserve calculations). Further it is not clear whether the requirement is for an assessment at the beginning of the period or at the end of the period. Finally this template assumes that a region has an operating reserve margin requirement or that it has plans to establish one. No regional criteria exists in SERC and there are no plans to develop one at this time.

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FRCC feels that the CPS and DCS criteria are sufficient to maintain reliability. There would only be a need for this type of template if it was determined that the CPS and DCS are no longer adequate measures. In this template the requirements are very burdensome and do not appear to add any additional measure of reliability.

The general philosophy followed in the development of the Control Performance Standard and the Disturbance Control Standard, and now in the development of the Balancing Resources and Demand Standard, is that the Balancing Authority is responsible for carrying or having access to whatever resources are necessary for it to comply to the Standard. The Standard is not prescriptive in the amount of reserves necessary, nor does it state how the Balancing Authority meets the Standard.

The Balancing Authority can rely on online resources, offline quick-start units, callable purchases, recallable sales, qualified load curtailment, and other mechanisms to ensure compliance. With the requirement to report reserves after-the-fact, certain Control Areas today might have to implement significant software changes to capture information related to resources other than online or offline generation that were relied upon. In addition, the Control Area would have to track in its after-the-fact accounting, all times that reserve resources were loaded to demonstrate that the perceived reserve deficiency was legitimate.

The System Operator relies on the information provided to it from the generation operators for unit capability, derates, partial outages, and so on. A template based on data that can easily be manipulated is not a reliable measure for compliance. Even with the most accurate real-time information on unit capability, demonstrating that required reserves were available means nothing if the Control Area cannot meet the CPS or DCS. We believe this template should not be implemented as it is not the true measure of the Control Area's capability.

P1T4 is an inappropriate compliance template. It has no measurement, nor means of measurement available to it. Its specified "measuring process" nor any other part of the template tells how it would actually be measured.

The adequacy of provision of all classes of Operating Reserves is currently measured by compliance to other standards (CPS & DCS), excepting Frequency Responsive Reserves. A separate standard and compliance template is appropriate in this case, and is being worked on by the Resources Subcommittee.

Also, the data retention of only 3 months will not support "the Investigation must be triggered within one year of the event".

P1 T4 — Very minor suggestion. Suggest changing the title on the sample reporting form to read Operating Reserve Deficiency rather than Operating Reserve Data since the form is for reporting deficiencies.

P1T4 — Page 2 — "Periodic Review" — second line: "polices" should be "policies"

The data reporting requirements of the Sample Reporting Form are not clear for Reserve Sharing Groups. Is the intent of Load Responsibility and Net Generation data required to have an integrated hourly value for the entire Reserve Sharing Group as a whole, or is just a report of the total reserve margin by hour sufficient? If these values are not available can the Reserve Sharing group default to letting each Control Area submit their operating reserve commitments, required and actual, individually?

The template indicates that each Reserve Sharing Group shall comply...as if it were a single Control Area. The template is unclear, however, how a Control Area that is a member of a

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Reserve Sharing Group will be assessed. It could be interpreted that a Control Area that is a member of a Reserve Sharing Group will be assessed on its own merits. In that case, Control Areas that are part of a group will likely have reserve requirements that are less than the output capacity of many of their generators and will be assessed as non-compliant every time one of those generators trips. It is inappropriate to deem a Control Area that is a member of a Reserve Sharing Group as non-compliant if it does not have sufficient reserves for one or more intervals during the month although the Reserve Sharing Group does have adequate reserves as a whole. This template needs to clarify that a Control Area that is a member of a Reserve Sharing Group will be assessed based on the performance of the Reserve Sharing Group.

Under measurements, there is no indication that, if you are taking all emergency actions regardless of cost, and still cannot meet the Reserve Requirement, you would be considered compliant. This implies that NERC would require load shedding in order to sustain Reserves. This would not be appropriate if the area being measured has the capability to shed load manually in order to meet the time requirements in the Disturbance Control Standard. We think this requires clarification.

- We are concerned with the exception only reporting. How do you ensure that the actual reserves carried are looked at for compliance purposes? For example, how would the compliance monitor know that reserves were deficient if he/she were not explicitly told? We believe that a requirement to report regularly would ensure that the data is at least being reviewed and assessed thoroughly.

SECTION: Measuring Process

COMMENTS: In the section about monthly reporting the explanation on how to report is vague. It lists Control Areas & Reserve Sharing Groups in the beginning of the statement but does not clarify who will do the reporting. It also states that any hours that the reserves were insufficient to meet the region's reserve requirements. Does this mean that only the reserve-sharing group reports? Are the Control Areas & Reserve Sharing Groups to report only deficits or are they to report all hours of required and actual.

PROPOSED CHANGE: Revise the monthly exception reporting statement to give a clear explanation of what needs to be reported, is the report based on Control Area requirements and/or Reserve Sharing Group requirements, & who is the report to be sent to.

It is inappropriate to deem a Control Area that is a member of a Reserve Sharing Group as non-compliant if it does not have sufficient reserves for one or more intervals during the month although the Reserve Sharing Group does have adequate reserves as a whole. This template needs to clarify that a Control Area that is a member of a Reserve Sharing Group will be assessed based on the performance of the Reserve Sharing Group.