

Violation Risk Factor and Violation Severity Level Justifications

Project 2022-03 Energy Assurance with Energy-Constrained Resources

This document provides the standard drafting team's (SDT's) justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in Project 2022-03 Energy Assurance with Energy-Constrained Resources. Each requirement is assigned a VRF and a VSL. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the Electric Reliability Organizations (ERO) Sanction Guidelines. The SDT applied the following NERC criteria and FERC Guidelines when developing the VRFs and VSLs for the requirements.

NERC Criteria for Violation Risk Factors

High Risk Requirement

A requirement that, if violated, could directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.

Medium Risk Requirement

A requirement that, if violated, could directly affect the electrical state or the capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System. However, violation of a medium risk requirement is unlikely to lead to Bulk Electric System instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to Bulk Electric System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

Lower Risk Requirement

A requirement that is administrative in nature and a requirement that, if violated, would not be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System; or, a requirement that is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System.

FERC Guidelines for Violation Risk Factors

Guideline (1) – Consistency with the Conclusions of the Final Blackout Report

FERC seeks to ensure that VRFs assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System. In the VSL Order, FERC listed critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System:

- Emergency operations
- Vegetation management
- Operator personnel training
- Protection systems and their coordination
- Operating tools and backup facilities
- Reactive power and voltage control
- System modeling and data exchange
- Communication protocol and facilities
- Requirements to determine equipment ratings
- Synchronized data recorders
- Clearer criteria for operationally critical facilities
- Appropriate use of transmission loading relief.

Guideline (2) – Consistency within a Reliability Standard

FERC expects a rational connection between the sub-Requirement VRF assignments and the main Requirement VRF assignment.

Guideline (3) – Consistency among Reliability Standards

FERC expects the assignment of VRFs corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.

Guideline (4) – Consistency with NERC’s Definition of the Violation Risk Factor Level

Guideline (4) was developed to evaluate whether the assignment of a particular VRF level conforms to NERC’s definition of that risk level.

Guideline (5) – Treatment of Requirements that Co-mingle More Than One Obligation

Where a single Requirement co-mingles a higher risk reliability objective and a lesser risk reliability objective, the VRF assignment for such Requirements must not be watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.

NERC Criteria for Violation Severity Levels

VSLs define the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple “degrees” of noncompliant performance and may have only one, two, or three VSLs.

VSLs should be based on NERC’s overarching criteria shown in the table below:

Lower VSL	Moderate VSL	High VSL	Severe VSL
The performance or product measured almost meets the full intent of the requirement.	The performance or product measured meets the majority of the intent of the requirement.	The performance or product measured does not meet the majority of the intent of the requirement, but does meet some of the intent.	The performance or product measured does not substantively meet the intent of the requirement.

FERC Order of Violation Severity Levels

The FERC VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for each requirement in the standard meet the FERC Guidelines for assessing VSLs:

Guideline (1) – Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance

Compare the VSLs to any prior levels of non-compliance and avoid significant changes that may encourage a lower level of compliance than was required when levels of non-compliance were used.

Guideline (2) – Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties

A violation of a “binary” type requirement must be a “Severe” VSL.

Do not use ambiguous terms such as “minor” and “significant” to describe noncompliant performance.

Guideline (3) – Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement

VSLs should not expand on what is required in the requirement.

Guideline (4) – Violation Severity Level Assignment Should Be Based on a Single Violation, Not on a Cumulative Number of Violations

Unless otherwise stated in the requirement, each instance of non-compliance with a requirement is a separate violation. Section 4 of the Sanction Guidelines states that assessing penalties on a per violation per day basis is the “default” for penalty calculations.

VRF Justifications for BAL-007-1, Requirement R1	
Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that not documenting and maintaining the process for the near-term and seasonal Energy Reliability Assessments which are required in defining the minimum standards by which near-term and seasonal Energy Reliability Assessments will be performed could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VRF Justifications for BAL-007-1, Requirement R1

Proposed VRF	Medium
than One Obligation	

VSLs for BAL-007-1, Requirement R1

Lower	Moderate	High	Severe
N/A	<p>The Balancing Authority documented a Reliability Coordinator-reviewed Energy Reliability Assessment process for the near-term time horizon but failed to maintain it at least annually.</p> <p>OR</p> <p>The Balancing Authority documented a Reliability Coordinator-reviewed Energy Reliability Assessment process for the seasonal time horizon but failed to maintain it at least annually.</p>	<p>The Balancing Authority documented and maintained a Reliability Coordinator-reviewed Energy Reliability Assessment process for the near-term time horizon and seasonal time horizon but failed to include one of the required base case elements under Requirement R1 Part 1.2 or supporting rationale(s) under Requirement R1 Part 1.3 for the near-term time horizon or seasonal time horizon.</p>	<p>The Balancing Authority documented and maintained a Reliability Coordinator-reviewed Energy Reliability Assessment process for the near-term time horizon and seasonal time horizon but failed to include two or more of the required base case elements under Requirement R1 Part 1.2 or supporting rationale(s) under Requirement R1 Part 1.3 for the near-term time horizon or seasonal time horizon.</p> <p>OR</p> <p>The Balancing Authority failed to document a Reliability Coordinator-reviewed Energy Reliability Assessment process for the near-term time horizon.</p> <p>OR</p> <p>The Balancing Authority failed to document a Reliability Coordinator-reviewed Energy Reliability Assessment process for the seasonal time horizon.</p>

VSL Justifications for BAL-007-1, Requirement R1

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R2

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that not developing, documenting, and maintaining the scenarios for the near-term and seasonal Energy Reliability Assessments which are required in defining the minimum standards by which Energy Reliability Assessments will be performed could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R2

Lower	Moderate	High	Severe
N/A	<p>The Balancing Authority developed and documented a Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the near-term time horizon but failed to maintain them.</p> <p>OR</p> <p>The Balancing Authority developed and documented a Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the seasonal time horizon but failed to maintain them.</p>	<p>The Balancing Authority developed and documented Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the near-term time horizon and seasonal time horizons but failed to include one of the scenarios of Requirement R2 Part 2.1 or supporting rationales under Requirement R2 Part 2.2 for the near-term time horizon or seasonal time horizon.</p>	<p>The Balancing Authority developed and documented Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the near-term time horizon and seasonal time horizons but failed to include two or more of the scenarios of Requirement R2 Part 2.1 or supporting rationales under Requirement R2 Part 2.2 for the near-term time horizon or seasonal time horizon.</p> <p>OR</p> <p>The Balancing Authority failed to develop or document Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the near-term time horizon.</p> <p>OR</p> <p>The Balancing Authority failed to develop or document Reliability Coordinator-reviewed Energy Reliability Assessment scenarios for the seasonal time horizon.</p>

VSL Justifications for BAL-007-1, Requirement R2

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R3

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that not developing, documenting and maintaining the Operating Plan(s) to mitigate unacceptable risk(s) could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R3

Lower	Moderate	High	Severe
N/A	N/A	N/A	The Balancing Authority failed to develop an Operating Plan(s) to mitigate risk identified in the Energy Reliability Assessments.

VSL Justifications for BAL-007-1, Requirement R3

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R4

Proposed VRF	Low
NERC VRF Discussion	A VRF of Low is appropriate due to the fact that the submittal of the Energy Reliability Assessment process, the Energy Reliability Assessment scenarios, and Operating Plan(s) is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restoration conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. Therefore, it is in line with the definition of a Low VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Low VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a low VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R4

Lower	Moderate	High	Severe
N/A	N/A	The Balancing Authority submitted information that contained the Energy Reliability Assessment process, the Energy Reliability Assessment scenarios, and Operating Plan(s) but failed to submit within the mutually agreed-upon schedule.	The Balancing Authority failed to submit information that contained the Energy Reliability Assessment process, the Energy Reliability Assessment scenarios, and Operating Plan(s).

VSL Justifications for BAL-007-1, Requirement R4

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties <u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent <u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R5

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by each Reliability Coordinator not reviewing each submittal for coordinating the Energy Reliability Assessments with other Balancing Authorities' Energy Reliability Assessments and notifying the results of its review to each Balancing Authority could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R5

Lower	Moderate	High	Severe
N/A	N/A	The Reliability Coordinator reviewed each submittal for coordination with other Balancing Authorities' Energy Reliability Assessment information to avoid risks to Wide Area reliability but failed to notify each Balancing Authority within 60 calendar days.	The Reliability Coordinator failed to review each submittal for coordination with other Balancing Authorities' Energy Reliability Assessment information to avoid risks to Wide Area reliability.

VSL Justifications for BAL-007-1, Requirement R5

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R6

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that by each Balancing Authority not addressing the reliability risks identified its Reliability Coordinator and resubmitting the updated information within 60 calendar days to ensure the most accurate information is used could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R6

Lower	Moderate	High	Severe
N/A	N/A	<p>The Balancing Authority addressed any reliability risks identified by its Reliability Coordinator and resubmitted the updated information required in Requirement R2 to its Reliability Coordinator but failed to resubmit the updated information within 60 calendar days of receipt or as specified by its Reliability Coordinator.</p>	<p>The Balancing Authority failed to address any reliability risks identified by its Reliability Coordinator.</p> <p>OR</p> <p>The Balancing Authority failed to resubmit the updated information required in Requirement R2 to its Reliability Coordinator.</p>

VSL Justifications for BAL-007-1, Requirement R6

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R7

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that not performing the Energy Reliability Assessment according to the process documented in Requirement R1 using the scenarios documented in Requirement R2 could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO's Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R7

Lower	Moderate	High	Severe
N/A	N/A	N/A	The Balancing Authority failed to perform Energy Reliability Assessments in accordance with its process documented in Requirement R1 using the scenarios documented in Requirement R2.

VSL Justifications for BAL-007-1, Requirement R7

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R8

Proposed VRF	Medium
NERC VRF Discussion	A VRF of Medium is appropriate due to the fact that not determining the energy reserve margins for each time step of the Energy Reliability Assessment scenario which is intended to be a clear threshold between whether the Energy Reliability Assessment results identify acceptable or unacceptable levels of risk and require mitigation actions to be performed could directly affect the electrical state or the capability of the bulk electric system. In addition, a violation of this requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition. Therefore, it is in line with the definition of a Medium VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Medium VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a medium VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R8

Lower	Moderate	High	Severe
N/A	N/A	N/A	The Balancing Authority failed to determine the energy reserve margins in accordance with Requirements R8 Parts 8.1 through 8.3.

VSL Justifications for BAL-007-1, Requirement R8

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R9

Proposed VRF	High
NERC VRF Discussion	A VRF of High is appropriate due to the fact that a lack of implementing an Operating Plan if energy reserve margins are met could directly cause or contribute to bulk electric system instability, separation, or cascading failures. Therefore, it is in line with the definition of a High VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of High VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a High VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R9

Lower	Moderate	High	Severe
N/A	The	The	<p>The Balancing Authority compared results of the Energy Reliability Assessment to the energy reserve margins in Requirement R8 but failed to implement an Operating Plan(s) developed in Requirement R3 upon determining the energy reserve margins were not met.</p> <p>OR</p> <p>The Balancing Authority failed to compare results of the Energy Reliability Assessment to the energy reserve margins in Requirement R8.</p>

VSL Justifications for BAL-007-1, Requirement R9

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R10

Proposed VRF	Low
NERC VRF Discussion	A VRF of Low is appropriate due to the fact that each Balancing Authority submittal of the results of the Energy Reliability Assessment to the energy reserve margins to its Reliability Coordinator is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restoration conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. Therefore, it is in line with the definition of a Low VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Low VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a Low VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R10

Lower	Moderate	High	Severe
N/A	N/A	N/A	The Balancing Authority failed to provide the results of the Energy Reliability Assessment to its Reliability Coordinator when any of the conditions listed in Requirement R10.1 – R10.3 are met.

VSL Justifications for BAL-007-1, Requirement R10

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs is Severe, as any degree of noncompliant performance would result in totally or mostly missing the reliability intent of the requirement. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>

VRF Justifications for BAL-007-1, Requirement R11

Proposed VRF	Low
NERC VRF Discussion	A VRF of Low is appropriate due to the fact that the notification of the implementation of an Operating Plan is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restoration conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. Therefore, it is in line with the definition of a Low VRF.
FERC VRF G1 Discussion Guideline 1- Consistency with Blackout Report	This VRF is in line with the identified areas from the FERC list of critical areas in the Final Blackout Report.
FERC VRF G2 Discussion Guideline 2- Consistency within a Reliability Standard	The assignment of Low VRF is consistent with the VRF assignments for other requirements in the proposed Reliability Standard. This requirement has only a main VRF and no different sub-requirement VRFs.
FERC VRF G3 Discussion Guideline 3- Consistency among Reliability Standards	This VRF is in line with other VRFs that address similar reliability goals in different Reliability Standards.
FERC VRF G4 Discussion Guideline 4- Consistency with NERC Definitions of VRFs	This VRF is in line with the definition of a Low VRF requirement per the criteria filed with FERC as part of the ERO’s Sanctions Guidelines.
FERC VRF G5 Discussion Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	This requirement does not mingle a higher risk reliability objective and a lesser risk reliability objective. Therefore, the VRF reflects the risk of the whole requirement.

VSLs for BAL-007-1, Requirement R11

Lower	Moderate	High	Severe
<p>The Reliability Coordinator received results of an Energy Reliability Assessment and comparison of results from Requirement R9 pursuant to Requirement R10 Part 10.1 but notified other Balancing Authorities and Transmission Operators in its Reliability Coordinator Area and neighboring Reliability Coordinators between 24-25 hours of receiving notification.</p>	<p>The Reliability Coordinator received results of an Energy Reliability Assessment and comparison of results from Requirement R9 pursuant to Requirement R10 Part 10.1 but notified other Balancing Authorities and Transmission Operators in its Reliability Coordinator Area and neighboring Reliability Coordinators between 25-26 hours of receiving notification.</p>	<p>The Reliability Coordinator received results of an Energy Reliability Assessment and comparison of results from Requirement R9 pursuant to Requirement R10 Part 10.1 but notified other Balancing Authorities and Transmission Operators in its Reliability Coordinator Area and neighboring Reliability Coordinators between 26-27 hours of receiving notification.</p>	<p>The Reliability Coordinator received results of an Energy Reliability Assessment and comparison of results from Requirement R9 pursuant to Requirement R10 Part 10.1 but notified other Balancing Authorities and Transmission Operators in its Reliability Coordinator Area and neighboring Reliability Coordinators 27 hours or more of receiving notification.</p> <p>OR</p> <p>The Reliability Coordinator received results of an Energy Reliability Assessment and comparison of results from Requirement R9 pursuant to Requirement R10 Part 10.1 but failed to notify one or more Balancing Authorities or Transmission Operators in its Reliability Coordinator Area, or one or more neighboring Reliability Coordinators.</p>

VSL Justifications for BAL-007-1, Requirement R11

<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSLs do not have the unintended consequence of lowering the level of compliance.</p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p><u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p><u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSLs are not binary and do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSLs use the same terminology as used in the associated requirement and are, therefore, consistent with the requirement.</p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>Each VSL is based on a single violation and not cumulative violations.</p>