
**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**NORTH AMERICAN) Docket Nos. RR07-9-000
ELECTRIC RELIABILITY CORPORATION) RR07-10-000
)**

**COMPLIANCE FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
IN RESPONSE TO PARAGRAPH 43 OF THE MAY 18, 2007 ORDER –
EXPLAINING THE RATIONALE FOR 74 VIOLATION RISK FACTOR
ASSIGNMENTS**

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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”), in compliance with the directive in paragraph 43 of the Commission’s May 18, 2007 Order in Docket Nos. RR07-9-000 and RR07-10-000¹, hereby submits information that explains the rationale for the assignment of 74 Violation Risk Factors within 83 NERC Reliability Standards that the Commission has approved.² **Exhibit A** to this filing is a table listing the rationale for each of the 74 Violation Risk Factors.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed:

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¹ *Order On Violation Risk Factors*, 119 FERC ¶ 61,145 (2007) (“May 18 Order”). On July 18, 2007, the Commission granted an extension of time to and including August 16, 2007 for the submittal of this compliance filing. The Commission directed “NERC to submit a compliance filing . . .that explains the rationale for assigning certain risk factor levels in approximately 75 instances.” May 18 Order at P 2. There were 74 instances identified by the Commission, all of which are addressed in this compliance filing.

² Order No. 693, Mandatory Reliability Standards for the Bulk Power System, 118 FERC ¶ 61,218 (issued Mar. 16, 2007).

III. DISCUSSION

NERC submitted proposed Violation Risk Factors for its Version 0 and Version 1 Reliability Standards to the Commission on February 23, 2007 and March 23, 2007, and submitted additional violation risk factors in a supplemental filing on May 4, 2007. In its May 18 Order, the Commission approved over 700 Violation Risk Factors. However, the Commission also directed NERC to submit a compliance filing to:

- modify the risk categories of the Violation Risk Factors for 28 Requirements of Reliability Standards, as set forth in Appendix A to the May 18 Order;³
- submit Violation Risk Factors for Requirements R2, R2.1, R3 and R3.1 of Reliability Standard MOD-016-1, for which NERC had not submitted proposed Violation Risk Factors;⁴ and
- remove Violation Risk Factors that had been inappropriately assigned to provisions of certain Reliability Standards for which Violation Risk Factors were not necessary, such as explanatory statements, phrases and/or text.⁵

NERC submitted a compliance filing addressing the foregoing requirements on June 1, 2007.⁶

In its May 18 Order, the Commission also directed NERC as follows in paragraph 43:

With regard to guidelines (4) and (5), while we accept the Violation Risk Factor assignments at this time, we direct NERC to submit a compliance filing to address the Commission's concerns with regard to the guidelines the Commission applied to each Requirement listed in Appendix B and to provide justification for NERC's Violation Risk Factor assignment.

“[G]uidelines (4) and (5) referred to two of the five guidelines the Commission used in the May 18 Order to evaluate the validity of NERC's Violation Risk Factor Assignments.⁷

³ May 18 Order at P 42.

⁴ *Id.* at P 44.

⁵ *Id.* at P 45.

⁶ *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraphs 42, 44 and 45 of May 18, 2007 Order – Submission of Revised Violation Risk Factors for Approved Reliability Standards*, Docket Nos. RR07-9 and RR07-10 (June 1, 2007).

⁷ *See* May 18 Order at P 16.

As directed in paragraph 43 of the May 18 Order, NERC is hereby submitting as **Exhibit A** its justification for each of the 74 Violation Risk Factors assignments identified by the Commission.

Violation Risk Factors delineate the relative risk to the Bulk Power System associated with the violation of each Requirement of a Reliability Standard. Violation Risk Factors are developed and modified through the NERC Reliability Standards Development Process, and are used in determining financial penalties for violations of Reliability Standards. NERC has established three categories of Violation Risk Factors:

- **High Risk Requirement** — (a) Is a requirement that, if violated, could directly cause or contribute to Bulk Power System instability, separation, or a cascading sequence of failures, or could place the Bulk Power System at an unacceptable risk of instability, separation, or cascading failures; or (b) is 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 Power System instability, separation, or a cascading sequence of failures, or could place the Bulk Power System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.
- **Medium Risk Requirement** — (a) Is a requirement that, if violated, could directly affect the electrical state or the capability of the Bulk Power System, or the ability to effectively monitor and control the Bulk Power System, but is unlikely to lead to Bulk Power System instability, separation, or cascading failures; or (b) is a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the

electrical state or capability of the Bulk Power System, or the ability to effectively monitor, control, or restore the Bulk Power System, but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to Bulk Power System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

- **Lower Risk Requirement** — Is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the Bulk Power System, or the ability to effectively monitor and control the Bulk Power System; or (b) is 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 affect the electrical state or capability of the Bulk Power System, or the ability to effectively monitor, control, or restore the Bulk Power System

In paragraph 43 of the May 18 Order, the Commission directed NERC to provide justification for the 74 Violation Risk Factor assignments listed in Appendix B to the Order based on the guidelines the Commission utilized to evaluate the validity of the proposed Violation Risk Factors that NERC had submitted for approval. The Commission specifically referenced guidelines (4) (“consistency with NERC’s proposed definition of the Violation Risk Factor level”), and (5) (“assignment of Violation Risk Factor levels to those Requirements in certain Reliability Standards that co-mingle a higher risk reliability objective and a lower risk reliability objective”). **Exhibit A** notes which of these two guidelines were principally relied upon with respect to each of the 74 Violation Risk Factor assignments and includes the basis for supporting the particular Violation Risk Factor assignments as determined through the industry

stakeholder process and conveyed by the standard drafting team assigned to their initial development. NERC has identified violation risk factor assignments that merit reconsideration and intends to utilize its *Reliability Standards Development Procedure* to process these proposals.

NERC developed its initial Violation Risk Factor assignments using its *Reliability Standard Development Procedure*. Under NERC's coordination, a team of industry participants served on a reliability standard drafting team tasked with developing these Violation Risk Factors. In order to support the Commission's expectations for development of Violation Risk Factors while respecting the use of the *Reliability Standard Development Procedure*, NERC chose an "en masse" approach that presented for industry consideration the entire body of Violation Risk Factors for all Requirements and sub-Requirements in NERC's Reliability Standards. As discussed in NERC's February 2007 and March 2007 filings of the proposed Version 0 and Version 1 Violation Risk Factors⁸, NERC achieved industry consensus on the selection of each Violation Risk Factor through the collection of survey data for each Requirement and associated commentary that accompanied those submissions. These Violation Risk Factors were approved through the ballot process in February and March, 2007.

During the development of the Violation Risk Factor assignments, NERC recognized that the approach was not optimal to effectively consider the many industry comments offered on particular risk factor assignments. NERC also recognized other factors that added complexity to the development of these Violation Risk Factor assignments. In particular, NERC noted that the translation of its former operating policies and planning standards to the Version 0 Reliability

⁸ *Request of the North American Electric Reliability Corporation for Approval of Violation Risk Factors for Version 0 Reliability Standards*, Docket No. RR07-9 (filed February 23, 2007); *Request of the North American Electric Reliability Corporation for Approval of Violation Risk Factors for Version 1 Reliability Standards*, Docket No. RR07-10 (filed March 23, 2007).

Standards led to an imperfect set of standards that included some Requirements containing explanatory text and guidelines. In many cases, Requirements of this nature were assigned a “Lower” Violation Risk. Further, based on the comments received from industry participants during the survey and balloting processes, NERC recognized that further clarity was required to the language of certain Requirements because of issues with interpretation, enforceability, and, in some cases, duplication of those Requirements that led to differing opinions of appropriate risk factor assignment. These issues will be considered as part of the standards review process in NERC’s three-year standards work plan.⁹

Additionally, there were differing interpretations of the Violation Risk Factor definitions themselves. For example, the term "administrative" used in the definition of a “Lower” Violation Risk Factor does not only apply to documents. Many tasks that are performed in support of reliability could be considered "administrative" in that they are routine, repetitive, and part of a larger continuous process to meet long-term goals and objectives. As such, some tasks may *support* important reliability objectives but may not be necessarily significant on their own, and not performing such tasks will not lead to conditions associated with the “Medium” and “High” Violation Risk Factors definitions.

A specific example is included in criteria relating to the balancing standards BAL-001 and BAL-002. These standards are the control performance standards (CPS1 and CPS2). Violation of either or both standards in isolation is not expected to pose an immediate threat to the reliability and integrity of the bulk power system, as these standards require measurement of past balancing performance aggregated over some time period. The assignment of a “Lower”

⁹ See *Informational Filing on the North American Electric Reliability Council and North American Electric Reliability Corporation’s Reliability Standards Development Plan: 2007 – 2009*, Docket No. RM06-16 (filed December 1, 2006).

risk factor does not diminish the importance of these Reliability Standard Requirements, but these Requirements do not comport with the definitions of “Medium” and “High” Violation Risk Factors. In fact, a real-time non-disturbance balancing requirement is a needed improvement to the Reliability Standards and is a component of a proposed set of revised balancing standards currently under development. Undoubtedly, this type of requirement would merit consideration of a Violation Risk Factor rating at a higher level than LOWER when these standards are ultimately approved. Nonetheless, these types of issues led to disparate views on the appropriateness of the Violation Risk Factor assignments when they were presented for industry consideration and balloting.

While the current Violation Risk Factors were approved through the ballot process “en masse” in early 2007, NERC fully understands that a more careful vetting of each Violation Risk Factor is needed. To address the aforementioned concerns, NERC included the careful review and analysis of individual Violation Risk Factor assignments as part of each project in its *Reliability Standards Work Plan: 2007-2009*. In paragraph 43 of its May 18 Order, the Commission expressed concern regarding 74 specific Violation Risk Factor assignments. A significant number of the standards that include these 74 Requirements are actively being reviewed as part of an existing standards development project:

- BAL-001-0 and 003-0 are included in the scope of Project 2007-18 — Reliability-based Control (active)
- BAL-002-0, 004-0, 005-0, and 006-1 are included in the scope of Project 2007-05 — Balancing Authority Controls (active)
- EOP-002-2 is included in the scope of Project 2007-08 — Emergency Operations (beginning 3Q2007)
- EOP-005-1 is included in the scope of Project 2006-03 — System Restoration and Blackstart (active)

- EOP-008-0 is included in the scope of Project 2006-04 — Backup Facilities (active)
- FAC-008-1 is included in the scope of Project 2006-09 — Facility Ratings (active)
- PRC-021-1 is included in the scope of Project 2007-10 — Modeling Data (beginning 3Q2007)
- PRC-022-1 is included in the scope of Project 2008-02 – Undervoltage Load Shedding (set to begin 1Q2008)
- TOP-002-2 and TOP-006-1 are included in the scope of Project 2007-03 – Real-Time Transmission Operations and Balancing of Load and Generation (active)
- TPL-001-0, 002-0, and 003-0 are included in the scope of Project 2006-02 Transmission Assessments and Plans (active)

As all Reliability Standards on the list in Appendix B to the May 18 Order are under active review or will be in the near term, NERC requests the Commission to allow these reviews to be completed, and to consider further guidance on Violation Risk Factor assignments when the revised standards that result from these efforts are presented to the Commission for approval.

IV. CONCLUSION

NERC respectfully requests that the Commission accept this filing as compliance with paragraph 43 of the May 18 Order.

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Exhibit A

Justification for Assigning 74 Violation Risk Factors

Standard Number	Requirement Number	Text of Requirement	Violation Risk Factor Justification	FERC Guideline
BAL-001-0	R1.	Each Balancing Authority shall operate such that, on a rolling 12-month basis, the average of the clock-minute averages of the Balancing Authority’s Area Control Error (ACE) divided by 10B (B is the clock-minute average of the Balancing Authority Area’s Frequency Bias) times the corresponding clock-minute averages of the Interconnection’s Frequency Error is less than a specific limit. This limit is a constant derived from a targeted frequency bound (separately calculated for each Interconnection) that is reviewed and set as necessary by the NERC Operating Committee. See Standard for Formula.	LOWER – This “requirement” measures whether a Balancing Authority has adequate regulating reserves as required in BAL-005-0 R2. It is a long-term measure of average performance, not an indication of an immediate impact. This requirement is based on a rolling 12-month average. Once a Balancing Authority becomes non-compliant, then it would remain non-compliant for several months, even though its real-time performance may be acceptable. As such, an “immediate, real-time impact” as a result of violating this requirement is not expected under the emergency, abnormal, or restorative conditions. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System. There is no question that this is an important measure but importance does not equate to risk.	4
BAL-001-0	R2.	Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-ten-minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as L10. See Standard for Formula.	LOWER – This “requirement” measures whether a Balancing Authority has adequate regulating reserves as required in BAL-005-0 R2. It is a long-term measure of average performance, not an indication of an immediate impact. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System. There is no question that this is an important measure but importance does not equate to risk.	4
BAL-002-0	R2.	Each Regional Reliability Organization, sub-Regional Reliability Organization or Reserve Sharing Group shall specify its Contingency Reserve policies, including:	LOWER –The primary requirement in this standard is to measure whether a Balancing Authority or Reserve Sharing Group meets the DCS criteria. This is contained in R1 and R3 of the standard. The remaining requirements provide useful guidance on how to achieve R1 and R3 or describe how to measure the criteria. Thus it is administrative in nature. Further, the requirement calls for the specification of policy and therefore is procedural in nature. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System.	4

BAL-002-0	R2.3.	The permissible mix of Operating Reserve – Spinning and Operating Reserve – Supplemental that may be included in Contingency Reserve.	LOWER – The primary requirement in this standard is to measure whether a Balancing Authority or Reserve Sharing Group meets the DCS criteria. This is contained in R1 and R3 of the standard. The remaining requirements provide useful guidance on how to achieve R1 and R3 or describe how to measure the criteria. Thus it is administrative in nature. Further, the requirement calls for the specification of policy and therefore is procedural in nature. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System,	4
BAL-002-0	R4.	A Balancing Authority or Reserve Sharing Group shall meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances. The Disturbance Recovery Criterion is:	LOWER – The primary requirement in this standard is to measure whether a Balancing Authority or Reserve Sharing Group meets the DCS criteria. This is contained in R1 and R3 of the standard. The remaining requirements provide useful guidance on how to achieve R1 and R3 or describe how to measure the criteria. Thus this is explanatory text. This requirement explains R3, and therefore is procedural in nature. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System,	4
BAL-002-0	R5.	Each Reserve Sharing Group shall comply with the DCS. A Reserve Sharing Group shall be considered in a Reportable Disturbance condition whenever a group member has experienced a Reportable Disturbance and calls for the activation of Contingency Reserves from one or more other group members. (If a group member has experienced a Reportable Disturbance but does not call for reserve activation from other members of the Reserve Sharing Group, then that member shall report as a single Balancing Authority.) Compliance may be demonstrated by either of the following two methods:	LOWER – The primary requirement in this standard is to measure whether a Balancing Authority or Reserve Sharing Group meets the DCS criteria. This is contained in R1 and R3 of the standard. The remaining requirements provide useful guidance on how to achieve R1 and R3 or describe how to measure the criteria. Thus this requirement is explanatory text and is duplicative to R3. This requirement further explains how compliance is measured, and therefore is procedural in nature. As such if violated, would not be expected to affect the electrical state or capability of the Bulk Power System, or the ability to effectively monitor and control the Bulk Power System.	4
BAL-002-0	R5.1.	The Reserve Sharing Group reviews group ACE (or equivalent) and demonstrates compliance to the DCS. To be in compliance, the group ACE (or its equivalent) must meet the Disturbance Recovery	<blank> NERC stated in its June 1, 2007 compliance filing to the Commission May 18, 2007 Order that this information was explanatory text dealing with compliance to R5 for which a Violation Risk Factor	4

		Criterion after the schedule change(s) related to reserve sharing have been fully implemented, and within the Disturbance Recovery Period.	was not needed.	
BAL-002-0	R5.2.	The Reserve Sharing Group reviews each member's ACE in response to the activation of reserves. To be in compliance, a member's ACE (or its equivalent) must meet the Disturbance Recovery Criterion after the schedule change(s) related to reserve sharing have been fully implemented, and within the Disturbance Recovery Period.	<blank> NERC stated in its June 1, 2007 compliance filing to the Commission May 18, 2007 Order that this information was explanatory text dealing with compliance to R5 for which a Violation Risk Factor was not needed.	4
BAL-003-0	R1.	Each Balancing Authority shall review its Frequency Bias Settings by January 1 of each year and recalculate its setting to reflect any change in the Frequency Response of the Balancing Authority Area.	LOWER – This requirement is administrative in nature, especially with the common practice of selecting the required minimum 1% bias setting as defined in R5. Further, the more fundamental reliability requirements are contained in R2 and R3. This requirement specifies annual review and recalculation as necessary of frequency bias settings for application in the ACE equation. When considering that the 1% bias setting is generally greater than the natural frequency response characteristic, a violation of this requirement is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System,	4
BAL-003-0	R1.1.	The Balancing Authority may change its Frequency Bias Setting, and the method used to determine the setting, whenever any of the factors used to determine the current bias value change.	LOWER – This should not be a requirement because of the use of the optional “may change.” As such, there is no obligation to comply. No entity can be found in violation of this requirement. A violation risk factor was originally assigned to each requirement and as such, the lowest category was chosen for this imperfect requirement.	4
BAL-003-0	R2.	Each Balancing Authority shall establish and maintain a Frequency Bias Setting that is as close as practical to, or greater than, the Balancing Authority's Frequency Response. Frequency Bias may be calculated several ways:	LOWER –This requirement specifies a desired threshold for frequency bias settings. The bias selection methodology is a procedural choice. CPS allows a balancing authority flexibility in choosing bias to best match its control capabilities with its Interconnection frequency support obligation. The importance of this requirement is lessened when one considers the routine practice of utilizing the 1% bias setting as required by R5. Typically, natural frequency	4

			response characteristics are less than this nominal value. Therefore, the violation of this requirement introduces no added risk to the system and is rated as LOWER.	
BAL-003-0	R3.	Each Balancing Authority shall operate its Automatic Generation Control (AGC) on Tie Line Frequency Bias, unless such operation is adverse to system or Interconnection reliability.	<p>LOWER –This is an explanatory statement on good control practices with regard to meeting CPS. However, whether a balancing authority meets CPS through automatic AGC or through manual control or through some alternate AGC control mode, the important point is that CPS is met. Therefore, this is an explanatory statement on good control practices. While important, the risk to the interconnection is not increased provided CPS is met through other methods or approaches. CPS requirements are already covered by other reliability standards and hence, this requirement is supportive to it and is therefore, rated as LOWER on its own merits.</p> <p>Furthermore, there are legitimate reasons why a balancing authority would take its AGC out of Tie-Line Frequency Bias or out of automatic control other than for Interconnection or system reliability problems. A balancing authority may be aware of a temporary problem with a regulating unit that would cause other units to respond if on AGC control for the brief timeframe until the problem was corrected. In lieu of adjusting set points for this short duration, the operator may elect to turn AGC off. Additionally, if an operator questions the accuracy of tie-line readings, he or she may turn AGC off automatic to investigate. By these examples, one could provide differing but justified interpretations of whether these actions would violate this requirement.</p>	4
BAL-003-0	R4.	Balancing Authorities that use Dynamic Scheduling or Pseudo-ties for jointly owned units shall reflect their respective share of the unit governor droop response in their respective Frequency Bias Setting.	LOWER – This requirement is procedural in nature in that it helps explain, in part, how to implement R2 which is the core requirement. As such, the LOWER requirement was chosen to reflect the guidance provided in this statement in support of R2, also rated as LOWER.	4

BAL-003-0	R4.1.	Fixed schedules for Jointly Owned Units mandate that Balancing Authority (A) that contains the Jointly Owned Unit must incorporate the respective share of the unit governor droop response for any Balancing Authorities that have fixed schedules (B and C). See the diagram below.	LOWER – This requirement is procedural in nature in that it helps explain, in part, how to implement R2 which is the core requirement. As such, the LOWER requirement was chosen to reflect the guidance provided in this statement in support of R2, also rated as LOWER.	4
BAL-003-0	R4.2.	The Balancing Authorities that have a fixed schedule (B and C) but do not contain the Jointly Owned Unit shall not include their share of the governor droop response in their Frequency Bias Setting. See Standard for Graphic.	LOWER – This requirement is procedural in nature in that it helps explain, in part, how to implement R2 which is the core requirement. As such, the LOWER requirement was chosen to reflect the guidance provided in this statement in support of R2, also rated as LOWER.	4
BAL-003-0	R5.	Balancing Authorities that serve native load shall have a monthly average Frequency Bias Setting that is at least 1% of the Balancing Authority’s estimated yearly peak demand per 0.1 Hz change.	LOWER – While arbitrary in selection, the 1% value represents a minimum setting that, based on the system’s natural frequency response, would serve to ensure a certain level of “over-control” following a disturbance. As such, this requirement does have the ability to affect the state or control of the system but not to the point of introducing the potential for cascading or instability. NERC therefore will reconsider this value to be changed to MEDIUM through its standards development process.	4
BAL-003-0	R5.1.	Balancing Authorities that do not serve native load shall have a monthly average Frequency Bias Setting that is at least 1% of its estimated maximum generation level in the coming year per 0.1 Hz change.	LOWER – While arbitrary in selection, the 1% value represents a minimum setting that, based on the system’s natural frequency response, would serve to ensure a certain level of “over-control” following a disturbance. As such, this requirement does have the ability to affect the state or control of the system but not to the point of introducing the potential for cascading or instability. NERC therefore will reconsider this value to be changed to MEDIUM through its standards development process.	4
BAL-004-0	R3.	Each Balancing Authority, when requested, shall participate in a Time Error Correction by one of the following methods:	LOWER – Because it is procedural in nature and does not represent an immediate threat to the integrity electric system. Balancing Authorities are obligated to comply with a Reliability Coordinator directive per IRO-001-1 R8, rated as a HIGH Violation Risk Factor. This is procedural with respect to how a Balancing Authority can comply with such a request. Further, a violation by an entity would not present an immediate	4

			threat to reliability and as it would mean the time error correction would be in effect for a longer period of time but not necessarily at an increased risk.	
BAL-004-0	R3.1.	The Balancing Authority shall offset its frequency schedule by 0.02 Hertz, leaving the Frequency Bias Setting normal; or	LOWER – R3.1 and R3.2 are explanatory to R3 and are exclusive to each other. One cannot comply with both R3.1 and R3.2 concurrently. Therefore, they serve as explanations for how to comply with R3. Accordingly, a LOWER rating was assigned.	4
BAL-004-0	R3.2.	The Balancing Authority shall offset its Net Interchange Schedule (MW) by an amount equal to the computed bias contribution during a 0.02 Hertz Frequency Deviation (i.e. 20% of the Frequency Bias Setting).	LOWER – R3.1 and R3.2 are explanatory to R3 and are exclusive to each other. One cannot comply with both R3.1 and R3.2 concurrently. Therefore, they serve as explanations for how to comply with R3. Accordingly, a LOWER rating was assigned.	4
BAL-004-0	R4.	Any Reliability Coordinator in an Interconnection shall have the authority to request the Interconnection Time Monitor to terminate a Time Error Correction in progress, or a scheduled Time Error Correction that has not begun, for reliability considerations.	LOWER – This requirement provides the RC the authority they need to start and stop time error corrections (TEC). TECs, while important, are a tertiary means of frequency control that keep the long term average frequency at 60Hz. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System. Further, this reliability coordinator authority already exists in IRO-001-1 R3 that has a HIGH violation risk factor assignment.	4
BAL-004-0	R4.1.	Balancing Authorities that have reliability concerns with the execution of a Time Error Correction shall notify their Reliability Coordinator and request the termination of a Time Error Correction in progress.	LOWER – This requirement is a good practice but is somewhat duplicative to the authority a balancing authority has to maintain reliable operations as found in EOP-002-2 R1. That requirement is assigned a HIGH violation risk factor. TECs, while important, are a tertiary means of frequency control that keep the long term average frequency at 60 Hz. Coincident balancing authority termination of a correction will have no net impact on flows. Termination of the correction would be primarily an accommodation to the impacted BA.	4
BAL-005-0	R1.1.	Each Generator Operator with generation facilities operating in an Interconnection shall ensure that those generation facilities are included within the metered boundaries of a Balancing Authority Area.	LOWER – Unless balancing areas are not using common metering points on their tie facilities, a generator will always be included within the metered boundaries of a balancing authority area. This is covered by R12.1 of BAL-005-0. Further, a generator must be associated with a source balancing authority in	4

			order to schedule its products. Therefore, while the concept is important, in practice, the situation that could cause this requirement to be violated is not likely and other requirements are in place to point out this deficiency. Hence, this is duplicative and is listed as a LOWER violation risk factor.	
BAL-005-0	R1.2.	Each Transmission Operator with transmission facilities operating in an Interconnection shall ensure that those transmission facilities are included within the metered boundaries of a Balancing Authority Area.	LOWER – This potential can only exist if two adjacent balancing authorities are using different metering points for its ACE. This requirement is covered in R12.1 of BAL-005-0. Therefore, while conceptually valid, the situation that could result in this requirement being valid is already covered elsewhere. Hence, this is duplicative and is listed as a LOWER violation risk factor.	4
BAL-005-0	R1.3.	Each Load-Serving Entity with load operating in an Interconnection shall ensure that those loads are included within the metered boundaries of a Balancing Authority Area.	LOWER – This potential exists if two adjacent balancing authorities are using different metering points for its ACE and load is tapped directly from the tie circuit. This requirement is already covered in R12.1 of BAL-005. Therefore, while conceptually valid, the situation that could result in this requirement being valid is already covered elsewhere. Further, this postulated scenario could result in the accumulation of inadvertent interchange or offset hourly checkouts between the balancing authorities. That situation would be identified and investigated. Hence, this requirement is duplicative and is listed as a LOWER violation risk factor.	4
BAL-005-0	R2.	Each Balancing Authority shall maintain Regulating Reserve that can be controlled by AGC to meet the Control Performance Standard.	LOWER – This requirement states that that AGC is needed to meet the CPS. Meeting CPS is the core regulating requirement that is covered by other requirements. This requirement focuses on “how”. While AGC is a preferred method to achieve CPS compliance, a good practice, entities should not be penalized for meeting CPS requirements without the use of AGC. While important, the risk to the interconnection is not increased provided CPS is met through other methods or approaches. Hence, the LOWER violation risk factor rating. Further, there are legitimate reasons why a BA would	4

			take its units off regulation or take its energy management system off AGC that, under this requirement, may be subject to a sanction for a violation.	
BAL-005-0	R7.	The Balancing Authority shall operate AGC continuously unless such operation adversely impacts the reliability of the Interconnection. If AGC has become inoperative, the Balancing Authority shall use manual control to adjust generation to maintain the Net Scheduled Interchange.	<p>LOWER – This is an explanatory statement on good control practices with regard to meeting CPS. However, whether a balancing authority meets CPS through automatic AGC or through manual control or through some alternate AGC control mode, the important point is that CPS is met. Therefore, this is an explanatory statement on good control practices. While important, the risk to the interconnection is not increased provided CPS is met through other methods or approaches. CPS requirements are already covered by other reliability standards and hence, this requirement is supportive to it and is therefore, rated as LOWER on its own merits.</p> <p>Furthermore, there are legitimate reasons why a balancing authority would take its AGC out of Tie-Line Frequency Bias or out of automatic control other than for Interconnection or system reliability problems. A balancing authority may be aware of a temporary problem with a regulating unit that would cause other units to respond if on AGC control for the brief timeframe until the problem was corrected. In lieu of adjusting set points for this short duration, the operator may elect to turn AGC off. Additionally, if an operator questions the accuracy of tie-line readings, he or she may turn AGC off automatic to investigate. By these examples, one could provide differing but justified interpretations of whether these actions would violate this requirement.</p>	4
BAL-005-0	R9.	The Balancing Authority shall include all Interchange Schedules with Adjacent Balancing Authorities in the calculation of Net Scheduled Interchange for the ACE equation.	LOWER – This requirement implements R6 which is the reliability requirement. It has a MEDIUM violation risk factor assignment. This requirement is a supportive explanation deserving of the LOWER rating.	4
BAL-005-0	R9.1.	Balancing Authorities with a HIGH voltage direct current (HVDC) link to another Balancing Authority	LOWER – Because it is explanatory to R9 and is optional in its wording. This language should not be a	4

		connected asynchronously to their Interconnection may choose to omit the Interchange Schedule related to the HVDC link from the ACE equation if it is modeled as internal generation or load.	requirement by itself. Therefore, a LOWER Violation Risk Factor was assigned.	
BAL-005-0	R14.	The Balancing Authority shall provide its operating personnel with sufficient instrumentation and data recording equipment to facilitate monitoring of control performance, generation response, and after-the-fact analysis of area performance. As a minimum, the Balancing Authority shall provide its operating personnel with real-time values for ACE, Interconnection frequency and Net Actual Interchange with each Adjacent Balancing Authority Area.	LOWER – The requirement is somewhat ambiguous (sufficient instrumentation). As written, a temporary interruption of metering could be considered a violation. However, the loss of a single chart or piece of data should not impact the balancing authority’s ability to monitor or control its area. Therefore, there is no increased risk under this scenario. NERC will reconsider the violation risk factor rating to MEDIUM with the belief that the temporary loss of metering is not considered a violation of this requirement and that the generic issue is the provision and availability of reliability data.	4
BAL-005-0	R17.	Each Balancing Authority shall at least annually check and calibrate its time error and frequency devices against a common reference. The Balancing Authority shall adhere to the minimum values for measuring devices as listed below: See Standard for Values.	LOWER –A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System. While a good practice to check and calibrate these devices, the selection of timeframes is arbitrary. Further, as balancing authorities have multiple frequency devices, miscalibration of a single device would not put the Interconnection at an elevated risk, thereby supporting a LOWER violation risk factor rating. R16 of this standard requires the flagging of bad data. This is another method to track errant frequency values. Further, many modern frequency devices do not have the capability to be calibrated, but are merely discarded if out of range.	4
BAL-006-1	R2.	Each Balancing Authority shall include all AC tie lines that connect to its Adjacent Balancing Authority Areas in its Inadvertent Interchange account. The Balancing Authority shall take into account interchange served by jointly owned generators.	LOWER – This requirement provides a guide for implementing R1, a requirement with a LOWER violation risk factor rating. Inadvertent interchange represents a post-event accounting of past events and as such a violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System. This is a measure of how well the BA met its obligation to minimize error between actual and net interchange.	4

BAL-006-1	R3.	Each Balancing Authority shall ensure all of its Balancing Authority Area interconnection points are equipped with common megawatt-hour meters, with readings provided hourly to the control centers of Adjacent Balancing Authorities.	LOWER – This requirement provides a guide for implementing R1, a requirement with a LOWER violation risk factor rating. Inadvertent interchange represents a post-event accounting of past events and as such a violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System.	4
BAL-006-1	R4.	Adjacent Balancing Authority Areas shall operate to a common Net Interchange Schedule and Actual Net Interchange value and shall record these hourly quantities, with like values but opposite sign. Each Balancing Authority shall compute its Inadvertent Interchange based on the following:	LOWER – The requirement is an explanation of how to implement the net actual and net schedule portion of ACE discussed in BAL-001. The BAL-001 R1 requirement already covers this issue and thus, this requirement is explanatory, leading to the LOWER violation risk factor rating.	4
EOP-002-2	R2.	Each Balancing Authority shall implement its capacity and energy emergency plan, when required and as appropriate, to reduce risks to the interconnected system.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-002-2	R3.	A Balancing Authority that is experiencing an operating capacity or energy emergency shall communicate its current and future system conditions to its Reliability Coordinator and neighboring Balancing Authorities.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-002-2	R4.	A Balancing Authority anticipating an operating capacity or energy emergency shall perform all actions necessary including bringing on all available generation, postponing equipment maintenance, scheduling interchange purchases in advance, and being prepared to reduce firm load.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-002-2	R5.	A deficient Balancing Authority shall only use the assistance provided by the Interconnection’s frequency bias for the time needed to implement corrective actions. The Balancing Authority shall not unilaterally adjust generation in an attempt to return Interconnection frequency to normal beyond that supplied through frequency bias action and Interchange Schedule changes. Such unilateral adjustment may overload transmission facilities.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-005-1	R6.	Each Transmission Operator and Balancing Authority shall train its operating personnel in the	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed	4

		implementation of the restoration plan. Such training shall include simulated exercises, if practicable.	change through our standard development procedure.	
EOP-005-1	R7.	Each Transmission Operator and Balancing Authority shall verify the restoration procedure by actual testing or by simulation.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-005-1	R8.	Each Transmission Operator shall verify that the number, size, availability, and location of system blackstart generating units are sufficient to meet Regional Reliability Organization restoration plan requirements for the Transmission Operator's area.	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	4
EOP-008-0	R1.4.	The plan shall include procedures and responsibilities for maintaining basic voice communication capabilities with other areas.	NERC believes this requirement merits consideration of a HIGH rating in concert with the review of its main requirement R1. We will process this proposed change through our standard development procedure.	4
EOP-008-0	R1.	Each Reliability Coordinator, Transmission Operator and Balancing Authority shall have a plan to continue reliability operations in the event its control center becomes inoperable. The contingency plan must meet the following requirements:	NERC believes this requirement merits consideration of a HIGH rating. We will process this proposed change through our standard development procedure.	5
FAC-008-1	R1.1.	A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.	LOWER – Having a methodology is important but its documentation is administrative. That is the essence of this requirement in support of R1 and the FAC-008 standard in general. FAC-009 requires development of facility ratings in accord with the methodology and is appropriately assigned a MEDIUM violation risk factor rating. Not having a documented methodology is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System.	4
FAC-008-1	R1.2.	The method by which the Rating (of major BES equipment that comprises a Facility) is determined.	LOWER – Having a methodology is important but its documentation is administrative. That is the essence of this requirement in support of R1 and the FAC-008 standard in general. The requirement to have a methodology to be important but it is not operationally critical which is chosen. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System.	4
FAC-008-1	R1.2.1.	The scope of equipment addressed shall include, but	LOWER – Having a methodology is important but its	4

		not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.	documentation is administrative. That is the essence of this requirement in support of R1 and the FAC-008 standard in general. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System,	
FAC-008-1	R1.2.2.	The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.	LOWER – Having a methodology is important but its documentation is administrative. That is the essence of this requirement in support of R1 and the FAC-008 standard in general. A violation is not expected to affect the electrical state of, capability of, or the ability to effectively monitor and control the Bulk Power System,	4
PRC-021-1	R1.	Each Transmission Owner and Distribution Provider that owns a UVLS program to mitigate the risk of voltage collapse or voltage instability in the BES shall annually update its UVLS data to support the Regional UVLS program database. The following data shall be provided to the Regional Reliability Organization for each installed UVLS system:	LOWER – The rating of this requirement is consistent with similar data provisions captured in PRC-007-0 R2, and PRC-017-0 R2, both of which have a LOWER violation risk factor assignment.	5
PRC-022-1	R1.	Each Transmission Operator, Load-Serving Entity, and Distribution Provider that operates a UVLS program to mitigate the risk of voltage collapse or voltage instability in the BES shall analyze and document all UVLS operations and Misoperations. The analysis shall include:	NERC believes this requirement merits consideration of a MEDIUM rating to be at minimum consistent with its sub-requirements. We will process this proposed change through our standard development procedure.	5
TOP-002-2	R14.	Generator Operators shall, without any intentional time delay, notify their Balancing Authority and Transmission Operator of changes in capabilities and characteristics including but not limited to:	MEDIUM – Because certain isolated requirements of a standard cannot produce a High risk scenario alone. The evaluation of Bulk Power System impact based solely on the violation of this single requirement (with all others remaining unaffected) is unlikely under emergency, abnormal, or restoration conditions to lead to Bulk Power System instability, separation, or cascading failure. Furthermore, there is ambiguity with respect to the term “characteristics” and that the list is not “limited to” real output capabilities. No further guidance is given regarding additional information that should be specified or the language clarified. Additionally, since the system is operated to at least an N-1 state, the loss of any one element in total will not	4

			lead to cascading outages or instability. Related to this specific requirement, the loss of the real power capability of a unit will not directly lead to a cascading outage. Therefore, the MEDIUM violation risk factor is appropriately chosen.	
TOP-002-2	R14.1.	Changes in real and reactive output capabilities. (Retired August 1, 2007)	As this requirement is no longer effective, NERC is not providing a justification.	4
TOP-002-2	R14.1.	Changes in real output capabilities. (Effective August 1, 2007)	MEDIUM – Because certain isolated requirements of a standard cannot produce a High risk scenario alone. The evaluation of Bulk Power System impact based solely on the violation of this single requirement (with all others remaining unaffected) is unlikely under emergency, abnormal, or restoration conditions to lead to Bulk Power System instability, separation, or cascading failure. Furthermore, there is ambiguity with respect to the term “characteristics” and that the list is not “limited to” real output capabilities. No further guidance is given regarding additional information that should be specified or the language clarified. Additionally, since the system is operated to at least an N-1 state, the loss of any one element in total will not lead to cascading outages or instability. Related to this specific requirement, the loss of the real power capability of a unit will not directly lead to a cascading outage. Therefore, the MEDIUM violation risk factor is appropriately chosen.	4
TOP-006-1	R3.	Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall provide appropriate technical information concerning protective relays to their operating personnel.	LOWER – There is much ambiguity about what “appropriate technical information” is. As such, this is a relatively unenforceable requirement that is subject to many interpretations. Further, there are no measures included that help clarify what is being sought. While the concept of providing technical information is important to the operators, this requirement needs a rewrite to get the specifics defined. There is no means to assess the impact to reliability as written and thus is given a LOWER rating.	5
TOP-006-1	R4.	Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall have information, including weather forecasts and past load patterns, available to predict the system’s near-	LOWER – NERC believes this requirement merits consideration of a MEDIUM rating with the belief that this requirement can be met if a transmission operator, for instance, can obtain the load forecast information,	5

		term load pattern.	both future and historical, in total from a balancing authority and does not need to maintain the information independently. We will process this proposed change through our standard development procedure	
TPL-001-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-001-0	R1.3.6.	Be performed for selected demand levels over the range of forecast system demands.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-001-0	R1.3.7.	Demonstrate that system performance meets Table 1 for Category A (no contingencies).	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-001-0	R2.	When system simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-001-0_R1, the Planning Authority and Transmission Planner shall each:	MEDIUM – Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	5
TPL-001-0	R2.1.3.	Consider lead times necessary to implement plans.	MEDIUM – Consistent with other sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead	5

			to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	
TPL-001-0	R2.2.	Review, in subsequent annual assessments, (where sufficient lead time exists), the continuing need for identified system facilities. Detailed implementation plans are not needed.	LOWER –This requirement is embodied in the assessment requirement captured in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the LOWER category was chosen to reflect the fact that no additional risk to the system is added by including facilities in the study mode that may no longer be needed. Further, if these facilities are removed from the plan because they are no longer needed, then the assessment requirements of R1.4 will cover the impact of this removal. On the contrary, if the facilities are needed to be included, then they too are already included in the assessment per the R1.4 requirement.	5
TPL-002-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH . Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-002-0	R1.3.1.	Be performed and evaluated only for those Category B contingencies that would produce the more severe System results or impacts. The rationale for the contingencies selected for evaluation shall be available as supporting information. An explanation of why the remaining simulations would produce less severe system results shall be available as supporting information.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH . Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-002-0	R1.3.4.	Be conducted beyond the five-year horizon only as needed to address identified marginal conditions that may have longer lead-time solutions.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH . Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4

TPL-002-0	R1.3.7.	Demonstrate that system performance meets Category B contingencies.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-002-0	R1.3.9.	Include Reactive Power resources to ensure that adequate reactive resources are available to meet system performance.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-002-0	R1.5.	Consider all contingencies applicable to Category B.	MEDIUM –The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-002-0	R2.	When System simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-002-0_R1, the Planning Authority and Transmission Planner shall each:	MEDIUM – Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	5
TPL-002-0	R2.1.3.	Consider lead times necessary to implement plans.	MEDIUM – Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each	5

			requirement, the MEDIUM category was chosen.	
TPL-003-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-003-0	R1.3.7.	Demonstrate that System performance meets Table 1 for Category C contingencies.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-003-0	R1.5.	Consider all contingencies applicable to Category C.	MEDIUM – The main requirement R1 is the governing requirement and is rated as HIGH. Each of the sub-requirements should not be rated on its own merits as each is an explanatory statement to that which defines a valid assessment, captured in R1. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	4
TPL-003-0	R2.	When system simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-003-0_R1, the Planning Authority and Transmission Planner shall each:	MEDIUM – Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.	5
TPL-003-0	R2.1.	Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:	MEDIUM - Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore	5

			<p>duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.</p>	
TPL-003-0	R2.1.3.	Consider lead times necessary to implement plans.	<p>MEDIUM – Consistent with all sub-requirements of this standard, the industry stakeholders assigned a Medium Violation Risk Factor to this requirement to reflect a mid-level risk to the integrity of the Bulk Power System. A lack of a plan will not directly lead to cascading in the timeframe contemplated. Further, this requirement is already contemplated in the assessment as identified in R1.4 and is therefore duplicative. However, to assign a risk factor to each requirement, the MEDIUM category was chosen.</p>	5

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC this 16th day of August, 2007.

/s/ William S. Lavarco

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