

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## Violation Severity Levels Drafting Team

Bert Gumm, Chairman VSLDT

VSL Informational Sessions

January 14, 2008

to ensure  
the reliability of the  
bulk power system

- Bert Gumm, Idaho Power Company
- John Bonner, Entergy Nuclear Northeast
- Michael Brytowski, Midwest Reliability Org.
- David Crews, Progress Energy
- Leanne Harrison, PJM Interconnection
- Doug Hohlbaugh, FirstEnergy Corp.
- Anthony Jablonski, ReliabilityFirst Corp.

- Douglas Johnson, American Transmission Co.
- Mark MacDonald, Cleco Power
- Jason Marshall, Midwest ISO
- Steve Meyers, ERCOT
- James Nickel, Michigan Public Power Agency
- Jennifer Sterling, Exelon Energy Delivery

- Al Calafiore, Standards Development
- Steve Crutchfield, Standards Development
- Joseph Emde, Compliance
- Tim Kucey, Enforcement and Mitigation
- Maureen Long, Standards Process
- Julia Souder, Inter-Governmental Relations
- David Taylor, Standards Development
- Harry Tom, Standards Development

- FERC Issued Order
- Issued June 7, 2007 in Docket #RR06-1-007
- Directed NERC to replace the 'Levels of Non-compliance' in the 83 regulatory approved NERC reliability standards with 'Violation Severity Levels' (VSL)
- VSLs to be filed with FERC by March 1, 2008

- Team assembled in Indianapolis to begin project
- Drafted Guidelines document
- Identified active Drafting Teams
  - Performed outreach
  - Issued work assignments
- VSL DT work assignments delegated
  - VSL's developed and assigned

- The Sanctions Guidelines use Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as two of the primary factors in determining the size of a civil penalty or sanction.
- While VRFs and VSLs both contribute to the determination of a sanction, they are distinctly different.

- The Violation Risk Factor (**VRF**) addresses the potential adverse impact that non-compliance with a standard requirement could have on the bulk power system.
- The Violation Severity Level (**VSL**) addresses how compliant or non-compliant an entity is with a specific requirement, and does not consider the ‘importance’ of the requirement or reliability-related risk of a violation of the requirement.

# Project Overview

## Complete Violation Risk Factor Matrix Encompassing Each Commission Approved Reliability Standard

Standard Number	Requirement Number	Text of Requirement	VSL Bin based on Criteria	Lower VSL	Moderate VSL	High VSL	Severe VSL
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 Compliance Committee.	Numerical	The Balancing Authority Area's value of CPS1 is less than 100% but greater than or equal to 95%.	The Balancing Authority Area's value of CPS1 is less than 95% but greater than or equal to 90%.	The Balancing Authority Area's value of CPS1 is less than 90% but greater than or equal to 85%.	The Balancing Authority Area's value of CPS1 is less than 85%.
BAL-001-0	R2.	Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-term minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as L <sub>100</sub> . See Standard for Formula.	Numerical	The Balancing Authority Area's value of CPS2 is less than 90% but greater than or equal to 85%.	The Balancing Authority Area's value of CPS2 is less than 85% but greater than or equal to 80%.	The Balancing Authority Area's value of CPS2 is less than 80% but greater than or equal to 75%.	The Balancing Authority Area's value of CPS2 is less than 75%.
BAL-001-0	R3.	Each Balancing Authority providing Overlap Regulation Service shall evaluate Requirement R1 (i.e., Control Performance Standard 1 or CPS1) and Requirement R2 (i.e., Control Performance Standard 2 or CPS2) using the characteristics of the combined ACE and combined Frequency Bias Settings.	Implementation / Execution	N/A	N/A	The Balancing Authority providing Overlap Regulation Service evaluated Requirement R1 (i.e., Control Performance Standard 1 or CPS1) and Requirement R2 (i.e., Control Performance Standard 2 or CPS2) using the characteristics of either a combined ACE or a combined Frequency Bias Setting but not both a combined ACE and a combined Frequency Bias Setting.	The Balancing Authority providing Overlap Regulation Service failed to evaluate Requirement R1 (i.e., Control Performance Standard 1 or CPS1) and Requirement R2 (i.e., Control Performance Standard 2 or CPS2) using the characteristics of the combined ACE or the combined Frequency Bias Setting.

# Recent Activities/Review of Changes

- VSLDT met in Dallas December 5-6, 2007 to respond to comments received from stakeholders
- VSLDT revised guideline document based on feedback
  - Clarified intent of guidelines usage going-forward with respect to terms such as “minor” and “significant elements”
  - Eliminated “Explanatory Text” category
- All VSLs were reviewed and modified based on:
  - All VSLs that were previously “Explanatory Text” were assigned another category.
  - Modified VSLs to make them more specific (replace “minor” and “significant elements” with more specific VSLs)
- Posted revised VSLs for 30 day pre-ballot period

- VSL “Families”, Nine total
  - Balancing (BAL)
  - Critical Infrastructure, Communication, Voltage and Reactive (CIP, COM, VAR)
  - Emergency Operations (EOP)
  - Facilities and Modeling (FAC, MOD)
  - Interchange, Personnel and Nuclear (INT, PER, NUC)
  - Interconnected Reliability Operations (IRO)

- VSL “Families” Continued;
  - Protection and Control (PRC)
  - Transmission Operations (TOP)
  - Transmission Planning (TPL)
- Guideline Document for Reference Only
- Consideration of Comments for Review

- **VSLDT WebEx presentation, January 14, 2008.**
- **Abbreviated initial ballot – January 21 - 28, 2008**
- **Address initial ballot comments – January 29 - 31, 2008**
- **Recirculation ballot – February 4 – 18, 2008**
- **Submit to NERC Board of Trustees for approval – late February**
- **Submit to FERC for approval – February 29, 2008**

# And Finally....

- Questions???