

Consideration of Comments on Regional Reliability Standard MOD-025-RFC-01

The Regional Reliability Standard MOD-025-RFC-01 Drafting Team thanks all commenters who submitted comments on the Verification and Data Reporting of Generator Gross and Net Reactive Power Capability MOD-025-RFC-01. These standards were posted for a 45-day public comment period from April 8, 2011 through May 23, 2011. The stakeholders were asked to provide feedback on the standards through a special Electronic Comment Form. There were 10 sets of comments, including comments from 15 different people from approximately 13 companies representing 6 of the 10 Industry Segments as shown in the table on the following pages.

http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at herb.schrayshuen@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

¹ The appeals process is in the Reliability Standards Development Procedures:
<http://www.nerc.com/standards/newstandardsprocess.html>.

Index to Questions, Comments, and Responses

1. Was the proposed standard developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?	5
2. Does the proposed standard pose an adverse impact to reliability or commerce in a neighboring region or interconnection?.....	7
3. Does the proposed standard pose a serious and substantial threat to public health, safety, welfare, or national security?	8
4. Does the proposed standard pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?	9
5. Does the proposed regional reliability standard meet at least one of the following criteria?.....	11
6. Additional Comments.....	13

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

The Industry Segments are:

- 1 — Transmission Owners
- 2 — RTOs, ISOs
- 3 — Load-serving Entities
- 4 — Transmission-dependent Utilities
- 5 — Electric Generators
- 6 — Electricity Brokers, Aggregators, and Marketers
- 7 — Large Electricity End Users
- 8 — Small Electricity End Users
- 9 — Federal, State, Provincial Regulatory or other Government Entities
- 10 — Regional Reliability Organizations, Regional Entities

Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
1.	Group	Louis Slade	Dominion	X		X		X	X				
		Additional Member	Additional Organization	Region	Segment Selection								
		1. Michael Gildea	EMP	SERC	1, 3, 5, 6								
		2. Mike Garton	EMP	MRO	5, 6								
		3. Connie Lowe	EMP	NPCC	5, 6								
		4. Chip Humphrey	F&H	RFC	5								
		5. Jeff Bailey	Nuclear	NA - Not Applicable	5								
2.	Individual	John Bee	Exelon	X		X		X					
3.	Individual	Mark Ringhausen	Old Dominion Electric Cooperative				X						
4.	Individual	Marie Knox	MISO		X								
5.	Individual	Susan Sosbe	Wabash Valley Power Association			X							
6.	Individual	David Thorne	Potomac Holdings Inc	X		X							

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
7.	Individual	Laura Lee	Duke Energy	X		X		X	X				
8.	Individual	Thad Ness	American Electric Power	X		X		X	X				
9.	Individual	Andrew Z. Pusztai	American Transmission Company, LLC	X									
10.	Individual	Bob Thomas	Illinois Municipal Electric Agency				X						

1. Was the proposed standard developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?

Summary Consideration: There was one comment which disagreed with the effective date of the standard. The SDT disagreed with the comment and provided a response on why the effective date is allowed and appropriate.

Organization	Yes or No	Question 1 Comment
Dominion	No	<p>While we agree that it was developed using the regional reliability standards development procedure, we are concerned that RFC has not revised this procedure to address FERC's instruction in its order approving RFC regional reliability standard BAL-502-RFC-02. In that order FERC reaffirmed section 215(d)(2) of the Federal Power Act, which states that a proposed Reliability Standard "shall take effect upon approval by the Commission." RFC proposed that the effective date for regional Reliability Standard BAL-502-RFC-02 be "upon RFC Board approval." However, the FERC clarified that "the effective date of BAL-502-RFC-02 is the effective date of this Final Rule, and further, BAL-502-RFC-02 first becomes enforceable upon this effective date." Dominion continues to oppose effective dates of regional standards prior to their approval at FERC</p>
<p>Response: Neither Section 215 nor the Delegation Agreement limit a registered entity's ability to voluntarily agree to be subject to additional obligations in order to enhance the reliability of the Bulk-Power System. Accordingly, Members may voluntarily agree to comply with Regional Reliability Standards prior to Commission approval in order to avoid any potential reliability gaps during NERC or the Commission's review and approval of those standards.</p> <p>The Commission had recognized the validity of this voluntary agreement by basing the implementation of a ReliabilityFirst Regional Reliability Standard on the very existence of this voluntary agreement. In Order No. 747, 134 FERC ¶ 61,212 (March 17, 2011), the Commission held that no implementation time was required for BAL-502-RFC-02, because it only applied to ReliabilityFirst Members that were "already subject to BAL-502-RFC-02 by the terms of the RFC membership agreement." Order No. 747, at P. 54 (emphasis added).</p> <p>Importantly, ReliabilityFirst agrees that a Regional Reliability Standard is not subject to enforcement, including penalties, under section 215 of the Federal Power Act until Commission approval of the Regional Reliability Standard. As a result, ReliabilityFirst does not audit or initiate enforcement actions concerning Regional Reliability Standards prior to Commission approval. Likewise, ReliabilityFirst would not consider a Member's non-compliance with a Regional Reliability Standard prior to Commission approval when addressing that Member's violation history or culture of compliance in the section 215 context.</p>		
Exelon	Yes	
Old Dominion Electric Cooperative	Yes	

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 1 Comment
MISO	Yes	
Wabash Valley Power Association	Yes	
Potomac Holdings Inc	Yes	
Duke Energy	Yes	
American Electric Power	Yes	
American Transmission Company, LLC	Yes	
Illinois Municipal Electric Agency		

2. Does the proposed standard pose an adverse impact to reliability or commerce in a neighboring region or interconnection?

Summary Consideration: There was one comment requesting that ReliabilityFirst wait to move forward until the NERC MOD-025-2 standard is approved. The SDT responded that they disagree with holding up the standard and the reasons for the disagreement.

Organization	Yes or No	Question 2 Comment
Dominion	No	
Exelon	No	
Old Dominion Electric Cooperative	No	ODEC is not aware of any adverse impact, but RFC should wait on the NERC MOD-025 Standard is completed before moving forward with this standard.
<p>Response: The NERC MOD-025-2 standard is still in the drafting phase and only the Real Power portions of the standard have gone through a formal comment period. It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		
MISO	No	
Wabash Valley Power Association	No	
Potomac Holdings Inc	No	
Duke Energy	No	
American Electric Power	No	
American Transmission	No	

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 2 Comment
Company, LLC		
Illinois Municipal Electric Agency		

3. Does the proposed standard pose a serious and substantial threat to public health, safety, welfare, or national security?

Summary Consideration: No comments submitted.

Organization	Yes or No	Question 3 Comment
Dominion	No	
Exelon	No	
Old Dominion Electric Cooperative	No	
MISO	No	
Wabash Valley Power Association	No	
Potomac Holdings Inc	No	
Duke Energy	No	
American Electric Power	No	
American Transmission Company, LLC	No	
Illinois Municipal Electric Agency		

4. Does the proposed standard pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?

Summary Consideration: There was one comment which disagreed with the effective date of the standard. The SDT disagreed with the comment and provided a response on why the effective date is allowed and appropriate.

Organization	Yes or No	Question 4 Comment
Dominion	Yes	<p>RFC’s Proposal Exceeds its RDA Authority to Enforce Standards and is Contrary to NERC Rules of Procedure: The phrase “regional reliability standard” has specific meaning in NERC Rules of Procedure and RFC’s RDA and therefore its use must be consistent with these documents. That is, a “regional reliability standard” must be developed in accordance with the NERC Rules of Procedure and the associated RDA and must be approved by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA. Dominion continues to oppose effective dates of regional standards prior to their approval at FERC.</p>
<p>Response: Neither Section 215 nor the Delegation Agreement limit a registered entity’s ability to voluntarily agree to be subject to additional obligations in order to enhance the reliability of the Bulk-Power System. Accordingly, Members may voluntarily agree to comply with Regional Reliability Standards prior to Commission approval in order to avoid any potential reliability gaps during NERC or the Commission’s review and approval of those standards.</p> <p>The Commission has recently recognized the validity of this voluntary agreement by basing the implementation of a ReliabilityFirst Regional Reliability Standard on the very existence of this voluntary agreement. In Order No. 747, 134 FERC ¶ 61,212 (March 17, 2011), the Commission held that no implementation time was required for BAL-502-RFC-02, because it only applied to ReliabilityFirst Members that were “already subject to BAL-502-RFC-02 by the terms of the RFC membership agreement.” Order No. 747, at P. 54 (emphasis added).</p> <p>Importantly, ReliabilityFirst agrees that a Regional Reliability Standard is not subject to enforcement, including penalties, under section 215 of the Federal Power Act until Commission approval of the Regional Reliability Standard. As a result, ReliabilityFirst does not audit or initiate enforcement actions concerning Regional Reliability Standards prior to Commission approval. Likewise, ReliabilityFirst would not consider a Member’s non-compliance with a Regional Reliability Standard prior to Commission approval when addressing that Member’s violation history or culture of compliance in the section 215 context.</p>		
Exelon	No	
Old Dominion Electric Cooperative		

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 4 Comment
MISO	No	
Wabash Valley Power Association	No	
Potomac Holdings Inc	No	
Duke Energy	No	
American Electric Power	No	
American Transmission Company, LLC	No	
Illinois Municipal Electric Agency		

5. Does the proposed regional reliability standard meet at least one of the following criteria?

- The proposed standard has more specific criteria for the same requirements covered in a continent-wide standard
- The proposed standard has requirements that are not included in the corresponding continent-wide reliability standard
- The proposed regional difference is necessitated by a physical difference in the bulk power system.

Summary Consideration: There were a number of comments regarding the need for the MOD-025-RFC-01 Regional standard. The SDT provided a response clarifying the appropriateness and need for the standard.

One comment suggested the MOD-025-RFC-01 standard be revisited one the associated NERC standard gets approved. The SDT agreed and it is the intent of ReliabilityFirst to review the standard for all duplicative requirements or any requirements which are less restrictive or do not add additional detail

Organization	Yes or No	Question 5 Comment
Dominion	Yes	
Exelon	Yes	
Old Dominion Electric Cooperative	No	ODEC does not agree that there is a current need for this RFC regional standard. NERC has assigned the Generator Verification SDT the responsibility of drafting a new NERC MOD-025 standard that will not be a "fill-in-the-blank standard and can be applied uniformly across the country (FERC want standards that can be applied uniformly to all regions). In addition, a regional standard can only be created if there is an actual physical difference in the bulk electric system in the region or it is more stringent than the NERC version. Waiting on the revised NERC version of MOD-025 is critical in determining whether this RFC regional standard is justified. NERC or FERC does not give the need to meet regional by-laws as a reason to create a

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 5 Comment
		regional standard. Therefore, ODEC urges NERC to not forward this regional standard to FERC until it can be justified as needed per the conditions required by FERC.”
<p>Response: Regions are allowed to develop Regional standards which cover matters not covered by an existing NERC reliability standard. The proposed standard has requirements that are not included in a corresponding continent-wide reliability standard. While currently there is no enforceable standard at the NERC level dealing with generator verification of Reactive Power, there is a NERC MOD-025-1 standard which requires the RROs to develop regional standards regarding verification of Reactive Power. The NERC MOD-025-2 standard is still in the drafting phase and only the Real Power portions of the standard have gone through a formal comment period. It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		
MISO	No	
Wabash Valley Power Association	No	See comments at end of this form.
<p>Response: Please see response at the end of this form.</p>		
Potomac Holdings Inc	Yes	
Duke Energy	Yes	
American Electric Power	Yes	There is a parallel effort at the NERC level that may require this regional standard to be revisited some time in the future.
<p>Response: The SDT agrees. It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		
American Transmission	Yes	

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 5 Comment
Company, LLC		
Illinois Municipal Electric Agency	No	<p>Illinois Municipal Electric Agency (IMEA) does not agree that there is a current need for this RFC regional standard. NERC has assigned the Generator Verification SDT the responsibility of drafting a new NERC MOD-025 standard that will not be a “fill-in-the-blank standard and can be applied uniformly across the country (FERC wants standards that can be applied uniformly to all regions). In addition, a regional standard can only be created if there is an actual physical difference in the bulk electric system in the region or it is more stringent than the NERC version. Waiting on the revised NERC version of MOD-025 is critical in determining whether this RFC regional standard is justified. NERC or FERC does not give the need to meet regional by-laws as a reason to create a regional standard. Therefore, IMEA urges NERC to not forward this regional standard to FERC until it can be justified as needed per the conditions required by FERC.</p>
<p>Response: Regions are allowed to develop Regional standards which cover matters not covered by an existing NERC reliability standard. The proposed standard has requirements that are not included in a corresponding continent-wide reliability standard. While currently there is no enforceable standard at the NERC level dealing with generator verification of Reactive Power, there is a NERC MOD-025-1 standard which requires the RROs to develop regional standards regarding verification of Reactive Power. The NERC MOD-025-2 standard is still in the drafting phase and only the Real Power portions of the standard have gone through a formal comment period. It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		

6. Additional Comments.

Summary Consideration: There were a number of comments regarding the need for the MOD-025-RFC-01 Regional standard. The SDT provided a response clarifying the appropriateness and need for the standard.

One comment provided support for the standard.

Organization	Yes or No	Question 6 Comment
Dominion		
Exelon		
Old Dominion Electric Cooperative		NERC should hold this RFC standard or send it back to RFC to hold until the NERC MOD-025 has been approved to ensure the need for this RFC standard exists, see Question 5.
<p>Response: It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		
MISO		
Wabash Valley Power Association		<p>“Wabash Valley Power Association (WVPA) does not agree that there is a current need for this RFC regional standard. NERC has assigned the Generator Verification SDT the responsibility of drafting a new NERC MOD-025 standard that will not be a “fill-in-the-blank standard and can be applied uniformly across the Country. In addition, a regional standard can only be created if there is an actual physical difference in the bulk electric system in the region or it is more stringent than the NERC version. Waiting on the revised NERC version of MOD-025 is critical in determining whether this RFC regional standard is justified. NERC or FERC does not give the need to meet regional by-laws as a reason to create a regional standard. Therefore, WVPA urges NERC to not forward this regional standard to FERC until it can be justified as needed per the</p>

Consideration of Comments on Regional Reliability Standard - MOD-025-RFC-01

Organization	Yes or No	Question 6 Comment
		conditions required by FERC.”
<p>Response: Regions are allowed to develop Regional standards which cover matters not covered by an existing NERC reliability standard. The proposed standard has requirements that are not included in a corresponding continent-wide reliability standard. While currently there is no enforceable standard at the NERC level dealing with generator verification of Reactive Power, there is a NERC MOD-025-1 standard which requires the RROs to develop regional standards regarding verification of Reactive Power. The NERC MOD-025-2 standard is still in the drafting phase and only the Real Power portions of the standard have gone through a formal comment period. It is the intent of ReliabilityFirst to perform a review of the MOD-025-RFC-01 standard upon NERC Board of Trustees approval of the associated NERC MOD-025-2 standard. The purpose of the review would be to ensure that any duplicative requirements or any requirements which are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.</p>		
Potomac Holdings Inc		Potomac Holdings Inc supports this standard
<p>Response: Thank you for your support</p>		
Duke Energy		
American Electric Power		
American Transmission Company, LLC		
Illinois Municipal Electric Agency		

END OF REPORT