

Version 0 Risk Factors — Balance and Interchange

Summary Consideration: While several commenters made suggestions to change one or more of the ratings, there was no consensus to change any one of the ratings, therefore, no changes were made to the violation risk factors for this set of requirements.

Company	Segment	Balloter	Comments
ALCOA Yadkin/Tapoco Divisions	1	Marion Lucas	The Violation Risk Factors for some of the BAL's are ranked high and should be ranked medium (example BAL-002-0 R1 and R3). The individual requirements when ranked with its importance to grid operations would not directly result in the defined criteria for a high level of risk. Some requirements ranked as medium need to be lower (example BAL-005 R6, R8 and R8.1) since administrative type requirements and requirements that direct the types of equipment installation/metering, although important, do not pose a threat to the grid. The risk factors for the INT requirements should be lower, not medium, because they are mostly an administrative type of requirement. It is important for submitted tags to comply with the appropriate elements and proper timing but a medium factor on a tagging function weights its ability to cause a system failure and misdirects the attention from focusing on reliability.
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry's VRF values. Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.</p>			
APPA	1	E. Nick Henery	Requesting the SDT to reduce the VRF to the lowest amounts on all requirements in standards that have not been approved as mandatory and enforceable in the NOPR without requiring modification. If these standards are not sufficient to be made mandatory and enforceable without requiring the standard to be submitted to the industry for modification, exposure to anything but the minimum penalty will result in excessive appeals and that will hurt the compliance program for those standards that are mandatory and enforceable without need for modification.
<p>Response: The industry determined the VRFs for the standards/requirements by majority vote. Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details. Note that violation risk factors will only be applicable to standards that receive applicable regulatory approvals.</p>			
Entergy EES	1	George Bartlett	Several requirements in the INT standard are rated as Medium yet are administrative in nature and would not directly affect the electrical state of the BES.

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<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards you reference to override the industry's VRF values.</p>			
JDRJC Associates	1	Jim Cyrulewski	Many of the standards will likely be revised because of the FERC NOPR. Thus voting on only risk factors is premature.
<p>Response: NERC expects that most of the standards will be approved by FERC and other regulatory authorities. Note that violation risk factors will only be applicable to standards that receive applicable regulatory approvals.</p>			
Pacific Gas & Electric PGAE	1	Chifong Thomas	PG&E understands that the VRF Drafting Team assigned the Violation Risk Factors (VRF) based on the VRF definitions filed by NERC. However, PG&E continues to believe that inconsistency exists in the assignments of the VRFs -- High, Medium or Lower -- amongst similar Standards. That is, while the VRF assigned to each requirement may appear reasonable individually, they are not always consistent when compared to other similar requirements in similar standards. Therefore, PG&E's affirmative vote is made with the expectation that the VRFs will be further reviewed and refined during the three-year review of the entire set of standards planned to be accomplished by NERC's Reliability Standards Development Plan: 2007-2009. PG&E also urges that field tests be conducted to refine the VRFs and to ensure smooth implementation.
<p>Response: Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.</p>			
Potomac Electric Power Company PEPW	1	Richard Kafka	While these INT risk factors may be higher than necessary, the industry has moved to a point where a transaction will not be scheduled without supplying the required information.
<p>Response: The drafting team thanks you for your comment.</p>			
Westar Energy WR	1	Allen Klassen	Does not consistently apply the three levels of risk as defined in Appendix 4 of the ERO Sanction Guidelines document.
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote.</p>			
Xcel Energy	1	Gregory Pieper	Requirements are rated high based on importance rather than their risk.
<p>Response: The industry determined the VRFs for the standards/requirements by majority vote - the definitions for 'High, Medium, and Lower' risk factors were provided for reference when determining an appropriate risk factor.</p>			
British Columbia Transmission Corporation	2	Phil Park	See attached document which includes comments on two INT VRFs.
<p>Response: The drafting team attached your comments to the end of this document. Please see the response to the attached document.</p>			
California Independent System Operator	2	David Hawkins	BAL002-0 R1.1 is rated as Lower which is inconsistent with R1 which is rated High. R1.1 should be rated at least Medium as a Reserve Sharing Group must fulfill its responsibilities to meet BAL002 BAL002-0 R3.1 should also be rated as Medium instead of Lower to be more consistent

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			<p>with R3 which is rated High. It is very important that all entities assess their MSSC and carry sufficient reserves to cover their most sever single contingency. BAL005-0 R2” should be rated Medium instead of Lower as effective AGC control of regulation resources seems like an essential function for a BA BAL005-0 R10 “While inclusion of Dynamic Schedules in the ACE equation is very important, we do not think the reliability of the interconnection is compromised if a fixed schedule had to be temporarily substituted for a dynamic schedule due to some technical problem. A rating of Medium versus High would seem appropriate. BAL005-0 R15 “We believe this metric should be rated as a Medium instead of Lower. Operating personnel must have accurate and timely real-time data about the state of the power system</p>
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry’s VRF values.</p>			
ISO New England Inc ISNE	2	Kathleen Goodman	<p>Although ISO New England is voting for the adoption of the Violation Risk Factors as drafted for adoption in these Standards, we believe that there is more work to be done in this area. We support adoption of these Risk Factors for the purpose of moving forward with enforceable Reliability Standards but request that, as these Standards are reviewed and revised to enhance and improve them, these facets, along with the Requirements and other aspects of the Standards be revisited to achieve the ultimate goal of having specific, clear and unambiguous Reliability Standards as envisioned by the industry.</p>
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry’s VRF value(s).</p>			
Midwest Independent Transmission System Operator, Inc.	2	Terry Bilke	<p>See comments for Modeling ballot.</p>
<p>Response: See response for Modeling Ballot</p>			
PJM Interconnection	2	Tom Bowe	<p>Industry rated three requirements high which PJM had as medium BAL-002 R1 Each Balancing Authority shall have access to and/or operate Contingency Reserve to respond to Disturbances. Contingency Reserve may be supplied from generation, controllable load resources, or coordinated adjustments to Interchange Schedules BAL-002 R3 Each Balancing Authority or Reserve Sharing Group shall activate sufficient Contingency Reserve to comply with the DCS BAL-005 R10 The Balancing Authority shall include all Dynamic Schedules in the calculation of Net Scheduled Interchange for the ACE equation</p>
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the</p>			

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standards/requirements you reference to override the industry's VRF values.			
Lincoln Electric System LES	3	Bruce E Merrill	Too many Requirements are rated as HIGH based on their importance rather than their risk.
Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are 129 requirements in the Balance and Interchange sequence of standards, and only 3 of the requirements have a HIGH rating			
Municipal Electric Authority of Georgia MPWR	3	Steven Jackson	There is still too much uncertainty and ambiguity with the final language and actual method of compliance with these standards to accept these risk factors.
Response: NERC expects that most of the standards will be approved by FERC and other regulatory authorities. Note that violation risk factors will only be applicable to standards that receive applicable regulatory approvals. Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.			
Pacific Gas & Electric Company PGEU	3	Kevin Dasso	We believe a trial period should be included
Response: Based on the preliminary comments from FERC, we do not anticipate approval of a comprehensive trial period.			
Wisconsin Public Service Corporation WPS	3	James Maenner	Too many requirements within the Interchange Standards, which are important components of the standard and for compliance, are rated too high relative to reliability risk impact.
Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are 129 requirements in the Balance and Interchange sequence of standards, and only 3 of the requirements have a HIGH rating			
Grant County PUD No.2 GCPD	4	Kevin John Conway	Grant County Supports the development of these factors, but recommends that the violation penalties always be assessed at the lowest monetary levels.
Response: The NERC and Regional Compliance Entities will determine penalties in accordance with the Sanctions Guidelines in the ERO Rules of Procedure.			
APGI - Yadkin division	5	Alan Jones	BAL-002-0 R6.1 and 6.2, and BAL-004-0 are requirements that should not be given a risk factor. BAL-005-0 R10 should be medium not high. This would not cause or lead to system instability, separation or a cascading sequence of failures.
Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry's VRF values.			
Dairyland Power Cooperative DPC	5	Warren Schaefer	Risk factors too heavily weighted to HIGH rating
Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are 129 requirements in the Balance and Interchange sequence of standards, and only 3 of the requirements have a HIGH rating			
Detroit Edison	5	Ronald Bauer	Similar concerns as MISO.
Response: See MISO response			

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Michigan Public Power Agency MPPA	5	James Nickel	MPPA's support for these Risk Factors is predicated on the understanding that they will be applied only to those entities which actually have a significant impact on the Bulk Electric System as now defined. Application of medium or high VRFs to violations by entities that have little or no potential to have a material impact on interconnected system operations of the BES is inappropriate.
<p>Response: The NERC Compliance Organizational Registration process will determine the entities that need to register with the Regional Entities for compliance with the Reliability Standards. The sanctions guidelines provide some latitude in assigning penalties. NERC recognizes the need to refine the applicability section of standards to add more specificity to the description of the entities and facilities addressed by each standard and included the upgrade of the applicability section of standards as one of the focus areas in the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.</p>			
Municipal Electric Authority of Georgia MEAG	5	Roger Brand	There is still too much uncertainty with the final language of these standards to accept these risk factors.
<p>Response: NERC expects that most of the standards will be approved by FERC and other regulatory authorities. Note that violation risk factors will only be applicable to standards that receive applicable regulatory approvals. Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.</p>			
Pacific Gas & Electric Company PGEU	5	Richard Padilla	"PG&E understands that the VRF Drafting Team assigned the Violation Risk Factors (VRF) based on the VRF definitions filed by NERC. However, PG&E continues to believe that inconsistency exists in the assignments of the VRFs -- High, Medium or Lower -- amongst similar Standards. That is, while the VRF assigned to each requirement may appear reasonable individually, they are not always consistent when compared to other similar requirements in similar standards. Therefore, PG&E's affirmative vote is made with the expectation that the VRFs will be further reviewed and refined during the three-year review of the entire set of standards planned to be accomplished by NERC's Reliability Standards Development Plan: 2007-2009. PG&E also urges that field tests be conducted to refine the VRFs and to ensure smooth implementation."
<p>Response: Changes to Standards will be addressed by the NERC Reliability Standards Development Plan: 2007-2009 which will review and revise as necessary all reliability standards. Please refer to the posted work plan for details.</p>			
PPL Generation	5	Mark Heimbach	1) There are too many HIGH risks in almost all of the areas. The only HIGH ones should be related to "situational awareness" and "vegetation management." 2) There are several inconsistencies. A couple of examples: TOP-006-0 R3. Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall provide appropriate technical information concerning protective relays to their operating personnel.

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			<p>LOWER PRC-001-0 R1. Each Transmission Operator, Balancing Authority, and Generator Operator shall be familiar with the purpose and limitations of protection system schemes applied in its area. MEDIUM It is MEDIUM risk if a TOP doesn't know the protective schemes but it is LOWER risk if you are not provided with the information. VAR-001-0 R4. The Transmission Operator shall know the status of all transmission reactive power resources, including the status of voltage regulators and power system stabilizers. MEDIUM TOP-002-0 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 TOP-002-0 R14.1. Changes in real and reactive output capabilities. HIGH TOP-002-0 R14.2. Automatic Voltage Regulator status and mode setting. LOWER Is voltage regulator status and generator reactive capability, which is affected by the VR status during a disturbance, HIGH, MEDIUM, or LOW? IRO-002-0 R6. Each Reliability Coordinator shall monitor Bulk Electric System elements (generators, transmission lines, buses, transformers, breakers, etc.) that could result in SOL or IROL violations within its Reliability Coordinator Area. Each Reliability Coordinator shall monitor both real and reactive power system flows, and operating reserves, and the status of Bulk Electric System elements that are or could be critical to SOLs and IROLs and system restoration requirements within its Reliability Coordinator Area. HIGH PER-004-0 R5. Reliability Coordinator operating personnel shall place particular attention on SOLs and IROLs and inter-tie facility limits. The Reliability Coordinator shall ensure protocols are in place to allow Reliability Coordinator operating personnel to have the best available information at all times. MEDIUM Is paying attention to SOL & IROL limits HIGH or MEDIUM?</p>
<p>Response: The industry determined the VRFs for the standards/requirements by majority vote. There are 129 requirements in the Balance and Interchange sequence of standards, and only 3 of the requirements have a HIGH rating. None of the standards/requirements referenced in your comments are in this Balance and Interchange sequence of standards addressed by this ballot.</p>			
Xcel Energy Services Inc	6	David Lemmons	Generally, the standards are still heavily weighted to the high risk end of the matrix and this does not seem reasonable.
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are 129 requirements in the Balance and Interchange sequence of standards, and only 3 of the requirements have a HIGH rating.</p>			
ALCOA Inc.	7	Thomas Gianneschi	The Violation Risk Factors for some of the BAL's are ranked high and should be ranked medium (example BAL-002-0 R1 and R3). The individual requirements when ranked with its importance to grid operations would not directly result in the defined criteria for a high level

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			<p>of risk. Some requirements ranked as medium need to be lower (example BAL-005 R6, R8 and R8.1) since administrative type requirements and requirements that direct the types of equipment installation/metering, although important, do not pose a threat to the grid. The risk factors for the INT requirements should be lower, not medium, because they are an administrative type of requirement. It is important for submitted tags to comply with the appropriate elements and proper timing but a medium factor on a tagging function weights its ability to cause a system failure and misdirects the attention from the focus on reliability.</p>
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry's VRF values.</p>			
Alcoa Inc.	8	Michael Caufield	<p>Do not believe that INT-003-0 R1, R1.1, R1.1.1 and R1.1.2 are requirements that should be given a risk factor and if it must have one it should be lower.</p>
<p>Response: The industry determined the VRFs for the Standards/requirements by majority vote. There are not enough comments on the standards/requirements you reference to override the industry's VRF values.</p>			