

Summary Consideration of Comments:

The Violation Risk Factors drafting team thanks all balloters who participated in the recent ballot of the matrix of Violation Risk Factors.

There were many comments submitted with both affirmative and negative ballots. The most commonly submitted comments include the following:

Ballot Version 0 Risk Factors as Smaller 'Family Groupings' Separate from the Version 1 Risk Factors:

The drafting team did not make any changes to the Version 0 risk factors, and will ask the Standards Committee for authorization to initiate another ballot of the Version 0 risk factors, with a separate ballot for each 'family' of standards as follows (note that some small 'families' with just one or two standards have been grouped with related families to minimize the number of balloters each balloter needs to cast):

- Balance and Interchange (BAL-001 through BAL-006 and INT-001 through INT-004)
- Communication and Facilities (COM-001, COM-002 and FAC-001 through FAC-005)
- Emergency Operations (EOP-001 through EOP-009 and CIP-001)
- Interconnection Reliability Operations (IRO-001 through IRO-006)
- Modeling (MOD-001 through MOD-021)
- Personnel (PER-001 through PER-004)
- Protection & Control (PRC-001 through PRC-017)
- Transmission Operations and Voltage Control (TOP-001 through TOP-008 and VAR-001)
- Transmission Planning (TPL-001 through TPL-006)

Post Version 1 Risk Factors for Another Comment Period:

The drafting team will post Version 1 violation risk factors, in family groupings, for another comment period.

There are too Many 'High' Ratings

The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings.

The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.

Make Additional Changes to Specific Version 0 Risk Factors

Because there appears to be consensus on the Version 0 risk factors, the drafting team did not modify these. Stakeholders will have a chance to modify these risk factors as each standard is modified under the proposed, *Reliability Standards Development Plan 2006-2009*. This plan is posted and will be submitted to the NERC Board of Trustees for their endorsement. The three-year plan involves stakeholder review and upgrade of ALL approved standards. Looking more

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closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment. The plan is posted at the following site:
http://www.nerc.com/~filez/standards/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, Gerry Cauley at 609-452-8060 or at gerry.cauley@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

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

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Commenter	Comments
Kenneth A. Goldsmith Negative	<p>We believe it is inappropriate to ballot all of the Violation Risk Factors in one ballot. We agree with most of the particular rankings but there is no way to differentiate between them. A better way would be to do it by area (ie; BAL, PER, FAC). There are too many factors ranked "High". Many of them do not meet the criteria of causing or worsening a cascading event. That needs to be changed. The SDT was challenged to differentiate between importance and Risk, and we believe the numerous rankings of "High" indicate that importance was included instead of just risk. There has not been sufficient time to adequately review the Risk Factors against the requirements, and make the necessary changes to the various requirements for the standards, as many of them are inadequate.</p>
	<p>Response: The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
Douglas Johnson Affirmative	<p>ATC believes that the process which was used to develop and review the violation risk factors did not result in an optimal set of risk factors. ATC's earlier comments on the proposed risk factors suggested a number of recommended changes. ATC continues to believe that the proposed assignments of some risk factors are inconsistent with the definitions of the high, medium, and lower risk categories. On balance, ATC believes the risk factor assignments are too heavily weighted to the high risk category. Although we suggest additional refinements to the risk factors are needed, in general, the proposed set of risk factors does a sufficient job in identifying those requirements which represent the largest risk to the reliable operation of the bulk power system. As such, the current set of violation risk factors should appropriately allow the industry to focus on the high risk requirements and therefore contribute to reliable system operation. ATC views the current set of violation risk factors as an acceptable starting point for establishing a baseline set of</p>

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Commenter	Comments
	<p>mandatory standards. ATC's affirmative vote is made with the expectation that the violation risk factors 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. Since the risk factors will directly relate to the sanctions applied under the ERO, ATC believes that the refinement of the risk factors should be a significant, integral part of the planned three-year review.</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>
<p>Scott James Kinney Affirmative</p>	<p>This is a good start but there is still work to be done.</p>
	<p>Response:</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p> <p>The VRF Drafting Team thanks you for the compliment.</p>

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Commenter	Comments
John Moraski Affirmative	Should consider having the same risk factor for MOD-010 and MOD-012. If the requirement for providing dynamic data is described as MEDIUM, the same should hold for providing steady state data, i.e. should not be seen as an administrative requirement.
<p>Response:</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	
Verne Ingersoll II Negative	There are a large number of standards rated medium or high that should be rated low.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were consensus industry selections from the second round of comments.</p> <p>The Version 1 risk factors will be re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>	
David Mark Conroy Negative	The Version 0 standards should be balloted separately. The Version 1 standards should be withdrawn and posted for additional comment before being balloted.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families. Version 1 standards will be also grouped by family and will be sent out for another round of comments. After the comments are addressed, the Version 1 standards will be balloted by family.</p>	

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Commenter	Comments
Edwin Thompson Negative	The recent addition of a small number of "Version 1" standards after the August 31 comment period on "Version 0" standards is not appropriate. The Version 1 standards were not part of the review process, and should be withdrawn to allow balloting on the "Version 0" standard risk factors.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families. Version 1 standards will be also grouped by family and will be sent out for another round of comments. After the comments are addressed, the Version 1 standards will be balloted by family.</p>	
William Thompson Negative	I agree with the NERC OC that there are too many "high" ratings.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. Since consensus was reached on these ratings, the drafting team is recommending that these move forward to balloting.</p> <p>The Version 1 risk factors will be re-posted for comment. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>	
Gordon Pietsch Negative	While I agree with many of the recommended rankings of the requirements, I have a problem with a single vote deciding the risk factors for so many requirements. There are too many VRF that are rated as being HIGH risk when not meeting the requirement would not cause a cascading outage. Breaking the list into smaller groups that have similar requirements would be a more effective way of addressing the issue.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>Version 1 standards will be also grouped by family and will be sent out for another round of comments. (This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.) After the comments are addressed, the Version 1 standards will be balloted by family as you suggested.</p>	

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Commenter	Comments
Michel Armstrong Negative	The recent addition of a small number of Version 1 standards to the Version 0 Standards that had already received a more thorough industry review and posting, we believe is not appropriate and results in an inconsistent process issue. We suggest that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for addition comment before being balloted.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted.</p>	
Jim Cyrulewski Negative	The reduction in some risk factors are unacceptable. Again each standard should be voted on separately.
<p>Response:</p> <p>Many people suggested balloting the risk factors in smaller, related groups, and the drafting team has adopted this suggestion.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate rating.</p>	
Robert George Coish Negative	Some Violation Risk Factors are inappropriately HIGH related to planning standards; there is sufficient opportunity to mitigate prior to operation. Too many standards are affected by a single ballot
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the</p>	

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	<p>risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
Wayne Snowdon Negative	<p>The violation risk factors being proposed will be an integral component of the standards and potentially may be used for frequency of compliance audits, spot checks, and also as part of the formula for determining any monetary sanction that may result for non-compliance with the ERO or Regional Standards filed and adopted with FERC and the Canadian Provincial authorities. The issue we have with the proposed risk factors is more a process concern than a concern over any risk factor assignment or criteria. The drafting team has recently added a small number of Version 1 standards to the original set of Version 0 standards and assigned risk factors to them. Unfortunately, this resulted in only one posting of the Version 1 standards with risk factors added. The original risk factors had gone through two complete posting rounds. The risk factors are all being balloted together therefore the CP9 group recommends a NO vote with the comment similar to: "The recent addition of a small number of Version 1 standards to the Version 0 Standards that had already received a more thorough industry review and posting, we believe is not appropriate and results in an inconsistent process issue. We suggest that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for addition comment before being balloted."</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted.</p>	
Ralph Rufrano Negative	<p>The recent addition of a small number of Version 1 standards to the Version 0 Standards, that have already had a thorough industry review and posting, is not appropriate and results in an inconsistent process issue. We suggest that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for addition comment before being balloted.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the</p>	

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	<p>VRF project into two projects – Version 0 and Version 1. The Version 0 risk factors will move forward to balloting, but the Version 1 risk factors will be - posted for comment as you proposed.</p>
<p>Henry G Masti Affirmative</p>	<p>General agreement with the factors but are concerned with the process. Agree with NYSRC comments</p>
	<p>Response:</p> <p>Please see the response to the NYSRC comments.</p>
<p>David Boguslawski Negative</p>	<p>We believe that this is too significant an issue to be voted on as an up an down vote on all 1398 Risk Factors in a single Ballot. We suggest balloting by standards groups (all BAL together, all PRCs together) or at least NPCC's suggestion to split out the Version 0 risk factors into a single ballot with a second round of comments on the version 1 Risk Factors before voting on them as a second separate ballot</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families. Version 1 standards will be also grouped by family and posted for another round of comments. After the comments are addressed, the Version 1 standards will be balloted by family.</p>
<p>Charles W Jenkins Negative</p>	<p>Too many risk factors are set at a higher level than is warranted based on the description of the meaning of those levels.</p>
	<p>Response:</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>

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<p>Chifong Thomas Negative</p>	<p>Confusion can be generated unless this matrix is further clarified. For example, the risk factors for TPL-001, R1 and TPL-003, R.1 are rated high, yet the risk factor for TPL-002, R1 is rated medium. Since all 3 requirements in these 3 standards require demonstration through a valid assessment the system performance meet the respective standards, there seems to be no justification as to the differing risk factor assignments. The same issue exists for TPL-001, R2 (the risk factor for R2 is medium, for R2.2 is lower), TPL-002, R2 (the risk factor for R2 is medium, for R2.2 is medium) and TPL-003, R2 (the risk factor for R2 is medium, for R2.2 is lower). In addition, the risk factors for the main requirement and its sub-requirements are different. For example, in TPL-001, the risk factor for R1 is high, yet the risk factors for all the sub-requirements under R1 are medium. There are 4 sub-requirements (R1.1 - R1.4) within R1, and within one of the sub-requirements, R1.3, there are 9 sub-requirements (R1.3.1 - R1.3.9). All these sub-requirements appear to be the activities that would support R1. So, if an entity fails to meet the one or more of the sub-requirements, it is not clear if the sanctions would be adjusted based on risk factors of high or medium or both. In addition, part of the transmission planning process is to assess system performance and find areas where the transmission system would not meet reliability standards. The other part is to develop a transmission expansion plan consists of the facilities that may need to be implemented so the system would meet standards. As such, during the assessment process violations of the standards, especially for the planning horizons beyond the typical lead times of engineering/construction of transmission facilities, should be expected because that's the basis for developing transmission additions. For the planning horizons, it is not obvious that the violation risk factors would be applied assuming that the expected transmission plans are implemented.</p>
<p>Response:</p>	<p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>

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Commenter	Comments
Ronald P Belval Negative	Issues related to BRD need to be resolved.
<p>Response:</p> <p>There is insufficient detail in the comment for the drafting team to formulate a response. In the future, please provide more detail in your comments</p>	
Gregory Pieper Negative	The lack of establishing a forward looking criteria for consistent application towards future standards. The lack of this criteria may have contributed to the heavy weighted to the High Risk category.
<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p>	
Anita Lee Negative	The proposed violation risk factors seem to have an unduly large number of requirements that are ranked "high" risk level. This could have significant implication on penalty assessments, which are not justifiable for violations of requirements that do not truly have high risk impacts.
<p>Response:</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>	

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<p>Phil Park Negative</p>	<p>Our complete comments includes a table, the size of which exceeds the allowed character length for comments. I have included our remarks below and forwarded the complete set of comments with the table to Gerry Cauley and Barbara Bogenrief. BCTC commends the Drafting Team on this significant effort to reach a consensus on this formidable task. Indeed, it has been a significant undertaking for BCTC to even review and comment. Regardless of the risk and severity levels identified in the Sanctions Matrix, we expect most entities will strive to be compliant with NERC Standards. Consequently, the importance of the Sanctions Matrix is not only in assessing sanctions, but also in establishing priorities when entities find they cannot meet all requirements, such as when resource constrained. Hence, VRFs have potential reliability implications. We also note that the Version 1 Violation Risk Factor recommendation has not been subjected to stakeholder comments. Therefore, this ballot is our first opportunity to comment on these VRF recommendations of the Drafting Team. BCTC agrees with or can accept most recommended Violation Risk Factors. BCTC has voted No for the reasons outlined in the table below. BCTC agrees with the definitions of High, Medium, and Lower risk, but submit that not all Requirements can be slotted literally into one of these definitions and, therefore, some application of judgment is appropriate. We look forward to hearing the views of the Drafting Team on these issues. {Table of additional comments}</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first round and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second round of comments. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors were posted for ballot; the risk factors posted for ballot were consensus industry selections from the second round of comments. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted.</p> <p>The table is pasted at the end of this document and the drafting team’s response is at the end of the table.</p> <p>The VRF Drafting Team thanks you for the compliment.</p>	
<p>David L Hawkins Negative</p>	<p>We object to voting on this huge block of violation risk factors. Far too many have been rated as "High" risk and there is clearly a need to have industry discussion on the perceived level of risk to reliable operation of the interconnection. All of the standards are important but not every standard or metric directly impacts the immediate level of reliability of the interconnection.</p>

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	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Kathleen Goodman Negative</p>	<p>ISO New England supports the position of the ISO RTO Council, specifically, We believe the Violation Risk Factors standard should be rejected. The end result of the rankings places too many of the NERC standards as “high risk.” We fully agree with the definition and purpose of identifying high risk standards. However, we believe industry has misinterpreted the purpose and intent of a high risk standard. Many of the standards identified as high risk are not in - the ISO RTO Council's collective opinion - that if violated, would have an immediate threat on the security and stability of the interconnected grid. The detriment of identifying standards excessively high is two fold. First, the penalty may be excessive relative to the impacts and effects of a violation of that standard. Second, an excessive penalty for a standard could result in industry misappropriating time and expense to meet compliance to standards that are not truly high risk and lose sight and focus on other more important high risk standards. We are also concerned that the proposed ranking changes to the Version 1 standards made by the standard drafting team had not gone through another round of industry review and survey before they were posted for balloting. This seemed to have by-passed established process. The rankings of these standards must meet the intent and purpose of the standard.</p>
	<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team’s scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the</p>

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Commenter	Comments
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<p>Terry Bilke Negative</p>	<p>We appreciate the time and effort that has gone into this task and thank all those involved. Our concern is the same as voiced by the NERC Operating Committee in that the definitions of risk are generally appropriate, but the method used to define risk resulted in an indefensible number of High Risk requirements. In general, people confuse importance with risk. In addition, there is a tendency to do a “what if” analysis that assigns high risk because something serious could happen if several other precursor conditions existed. Keep in mind that these precursors also are generally violations of standards. While not directly involved in this proposed ballot, the same issue exists with “violation severity levels.” If there is only one level of violation, it appears “level 4” is the default. This issue is raised as the violation severity level is intended to be directly coupled to the risk factor in the enforcement process. One major concern is that risk was applied to things labeled as requirements, but are in actuality explanatory information or administrative or procedural items. The DCS is a useful example. This standard has nearly 20 requirements, but the true requirement is to recover from all reportable disturbances in 15 minutes. The rest of the items explain what this means and how to allocate responsibilities with reserve sharing groups. Another concern is there is no apparent differentiation between the types of standards (performance, technical, preparedness, certification, etc.). Performance standards have immediate impact on reliability. The DCS and IROL standards are examples. Performance standards should get the most attention, with the caveat that they all don’t have the same impact on reliability. Preparedness standards (such as System Restoration, Training and Personnel), while important, do not ensure the entity will perform well for a restoration event. Conversely, failure to meet one of the requirements in a preparedness standard does not preclude satisfactory performance. Inadvertent Accounting, Time Error Correction, Automatic Generation Control, and Disturbance Reporting are examples that fit the Technical Standards definition. In general, these standards describe how we measure or do things that</p>

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Commenter	Comments
	<p>ultimately support reliability further down the process. Given the arbitrary assumption that all standards must have “high” “medium” and “lower” risk requirements, technical standards end up judged similarly as requirements for performance standards. In reality, requirements in technical standards should be handled in a totally separate category (misdemeanors if you will). There is a need for an “administrative/technical” category in addition to the “high”, medium, and “lower” risk factors, such that these lesser events don’t cloud the evaluation of impact on reliability. Repeat violations of the administrative/technical requirements should lead to progressive sanctions, but they should be handled in a separate arena. If sanctions are not applied to core requirements in true proportion to their risk, time and valuable resources will be misdirected that could be better applied to improve reliability. The current standards can still be monitored for compliance, but assessments should be based first on the type of standard (performance, technical, etc.) and then on the impact of the true core requirements in the standard. The violation severity level should also be reassessed with some coupling to the impact on reliability.</p>
<p>Response:</p>	<p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team’s scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel are inappropriate.</p> <p>The Standards Committee recently approved submitting <i>NERC’s Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement’s VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>

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Commenter	Comments
William J. Head Affirmative	The MRO believes the proposed assignment of the risk factors to the standards to be, in general, too heavily weighted to the "High" side.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>	
Alden Briggs Negative	The recent addition of a small number of Version 1 standards to the Version 0 Standards that had already received a more thorough industry review and posting, NBSO believes is not appropriate and results in an inconsistent process issue. NBSO suggests that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for addition comment before being balloted.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting. The drafting team will re-post the Version 1 risk factors for another comment period.</p>	
Gregory Campoli Negative	We believe the Violation Risk Factors standard should be rejected. The end result of the rankings places too many of the NERC standards as "high risk". We fully agree with the definition and purpose of identifying high risk standards. However, we believe the industry has misinterpreted the purpose and intent of a high risk standard. Many of the standards identified as high risk are not, in our collective opinion, such that if violated, would have an immediate threat on the security and stability of the interconnected grid. The detriment of identifying standards excessively high is two fold. First, the penalty may be excessive relative to the impacts and effects of a violation of that standard. Second, an excessive penalty for a standard could result in industry misappropriating time and expense to meet compliance to standards that are not truly high risk and lose sight and focus on other more important high risk standards. We are

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Commenter	Comments
	<p>also concerned that the proposed ranking changes to the Version 1 standards made by the standard drafting team had not gone through another round of industry review and survey before they were posted for balloting. This seemed to have by-passed established process.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>	
<p>Alan Adamson Negative</p>	<p>The Violation Risk Factors (VCR) for the Version 1 standards in this group did not receive as through industry review as the VCRs for the Version 0 standards. This has resulted in an inconsistent VCR development process for the two sets of standards, which we believe, resulted in an inadequate review for the Version 1 standards. Accordingly, the New York State Reliability Council has voted “NO” for approval of the recommended VCRs. We strongly suggest that an adequate, consistent, and appropriate VCR development procedure be developed for use for all future VCR reviews. In the meantime we suggest that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for additional comments before being balloted.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p>	

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	<p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>
<p>Edward Schwerdt Negative</p>	<p>NPCC is in general support of the proposed Version 0 risk factors. However, the addition of a number of Version 1 standards to the ballot is not appropriate and results in an inconsistent process issue. NPCC suggests that the Version 0 standards, that have already received a thorough industry review and posting, be voted on separately and that the Version 1 standards be withdrawn and posted for comment before being balloted.</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>
<p>Don Tench Negative</p>	<p>Introduction: The IESO commends the Standard Drafting Team for their efforts and time in developing the Violation Risk Factors (VRFs) for Version 0 Standards. The surveys provided the industry the opportunity to develop risk levels associated with each of the standard requirement by consensus. This was in fact a positive response by NERC to industry’s (particularly the IRC) comments and request for direct participation. Nonetheless, the IESO feels that much work remains to be done with the version 0 standards prior to establishing Violation Risk Factors and these should not be rushed into. We must therefore submit a NEGATIVE ballot “No with Comments” in light of our concerns noted below. Comments: Too Many "Non"-Requirements: Version 0 standards have a tremendous amount of supporting text from the original Policies and guidelines, which was intended to provide clarity and these have in turn evolved into “requirements” for these standards. In other words, for Version 0 Standards, there are many more requirements that there should be and unless these are identified and resolved, associating Violation Risk Factors with such requirements does not make much sense. Incorrect Weighting of Requirements: The IESO feels that despite the fact that there were 2 rounds for the surveys in order to get a better</p>

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Commenter	Comments
	<p>industry perspective on the weighting of various requirements, many of the requirements have been weighted towards the higher end of the ranking scale. The danger associated with such biases is the fact that requirements that are correctly identified as "Higher" would lose their significance in the presence of a cluttered field of requirements that are rated equally, many of which in our view deserve their existing "higher" rankings. Need for Grouping of Requirements: The Violation Risk Factors do not consider the nature or type of standard for evaluation purposes. The class of the standard should be incorporated as part of the risk factor evaluation. Classes could, for discussion purposes, be identified as; standard for Reliability, standard for Coordination, and standard for Documentation. This would help in better evaluating their impact on reliability and hence penalties because a "Higher" factor for a standard on documentation and a "Higher" factor for a standard on coordination would definitely not mean the same, nor should they be interpreted as so, when it comes to assessing their respective impacts on the reliability or security of the grid. There are certainly many factors that we can agree with. However, there are also a number of others that we do not agree with. There being only one vote for the entire set, we are unable to cast an AFFIRMATIVE vote in support of the ones that we do not agree with. Conclusion: The IESO applauds the Standard Drafting Team for their efforts in developing Violation Risk Factors for all the standards withi a short time period. However, we feel that many of the requirements in the version 0 standards and the associated Violation Risk Factors still need to be developed further before they are ready for use in assessing sanctions. The IESO appreciates the opportunity to table these comments and looks forward to participating further in the standards development process. The IESO commends the Standard Drafting Team for their efforts and time in developing the Violation Risk Factors (VRFs) for Version 1 Standards. The surveys provided the industry the opportunity to develop risk levels associated with each of the standard requirement by consensus. This was in fact a positive response by NERC to industry's (particularly the IRC) comments and request for direct participation. However, in the case of Version 1 standards assessments, it is the IESO's view that due process was not followed as there was only one round of industry input, and the Standard Drafting Team took the liberty to propose alternative ratings that are different from the majority of the survey results and post the full set for balloting. Hence, the IESO submits a vote of "No with Comments" Comments/Discussions: In comparison to the Version 0 standards VRF process, which allowed for 2 rounds of industry iterations and posted the ratings reached by weighted majority after the second round of posting, there was only one round of industry input for the Version 1 standards. Using only one round and introducing the Standard Drafting Team's proposed changes to the first round results fail to afford the industry an opportunity to gauge responses from others, assess the SDT's proposed changes and make appropriate changes to its inputs as deemed appropriate. In other words, it is the IESO's view that the one-round survey approach and the unilateral changes without inputs/comments fail to</p>

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Commenter	Comments
	<p>provide sufficient due process and yield results that are not truly reflective of the industry consensus. Apart from this, the IESO does not agree with the Standards Drafting Team's interpretation of some of the requirements and the basis on which the team is arriving at its conclusions. There are several requirements (examples include CIP-003-1 R4.2, CIP-005-1 R1.3, INT-001-1 R1 and R2 etc.) which the IESO feels have high importance in the context of grid reliability and security, and should be ranked higher than their current rankings as interpreted by the drafting team. Suggestions: It is the IESO's view that the process for Version 1 standards should follow the same process used by the Standards Drafting team for the Version 0 Standards. There should be at least two rounds of iterations in order to better gauge industry consensus, particularly when there are changes made by the SDT. This would also provide an opportunity to the industry to reflect on its inputs, reevaluate their positions, and modify their inputs in the subsequent round(s) if required. The IESO also suggests that the relative risk factors for the requirements must be based on industry consensus and not on the views of the Standard Drafting Team. Conclusion: The IESO feels that NERC should be consistent in their approach for Version 0 and Version 1 standards as these affect the reliability of the interconnected grid with equal importance. The Violation Risk Factors should be derived in a consistent manner and should be reflective of the industry consensus. In addition, while there are many factors that we can agree with, there are also a number of others that we do not agree with. There being only one vote for the entire set, we are unable to cast an AFFIRMATIVE vote in support of the ones that we do agree with. The IESO appreciates the opportunity to table these comments and looks forward to participating further in the standards development process.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the</p>	

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	<p>following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>
<p>Tom Bowe Negative</p>	<p>PJM believes the Violation Risk Factors standard should be rejected. The end result of the rankings places too many of the NERC standards as "high risk". We fully agree with the definition and purpose of identifying high risk standards. However, we believe industry has misinterpreted the purpose and intent of a high risk standard. Many of the standards identified as high risk are not if violated, would have an immediate threat on the security and stability of the interconnected grid. The detriment of identifying standards excessively high is two fold. First, the penalty may be excessive relative to the impacts and effects of a violation of that standard. Second, an excessive penalty for a standard could result in industry misappropriating time and expense to meet compliance to standards that are not truly high risk and lose sight and focus on other more important high risk standards.</p>
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<p>Charles Yeung Negative</p>	<p>SPP is a member of the ISO RTO Council which is composed of the nine ISOs and RTOs. We are all registered ballot body members for the Violation Risk Factors standard. As the grid operators and market operators of our respective areas, we believe that our viewpoints on this proposed standard serve the best interests of both reliability and markets. We believe the Violation Risk Factors standard should be rejected. The end result of the rankings places too many of the NERC standards as "high risk". We fully agree with the definition and purpose of identifying high risk standards. However, we believe the</p>

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<p>Response:</p>	<p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Sam Waters Negative</p>	<p>Progress Energy does not believe that all risk factors are weighted correctly. Specific major concerns that we have on the risk factors are identified below: IRO-005-0 R 13, and 14: Requirement 14 cannot be rated "medium" if requirement 13 is rated "high". R13 states that RCs shall ensure that TOs, BAs, TSPs, etc. in their area operate to prevent the likelihood that actions or non-actions will cause and SOL and IROL, and we agree this should be rated "high". R14 states that the RC will make known to those entities in it's Area all possible SOL and IROLs and that the TSPs will respect these limitations in their Tariffs and ATC calculations, and this is rated "medium". We disagree and think it should be "high", since if an RC does not distribute IROL and SOL information to the entities in it's wide area view and the entities don't respect these limitations, this could potentially cause a cascading failure of the system. If SOLs and</p>

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Commenter	Comments
	<p>IROLs are of "high" importance then requirements considering these limits should also be "high" importance. MOD-13-0 R1.1. : Deals with reporting of unit specific dynamics data for generators and synchronous condensers. NERC has this balloted as "high"; failure to comply with this requirement, while important, is unlikely to contribute or cause a cascading failure of the power system. PER-004-0 R5: States "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." Progress Energy recommends that this be moved to "High" since we believe that if the RC does not have the best information available and if they do not pay particular attention to IROLs and SOLs this COULD cause a blackout or cascading failure. This risk factor should be "High" like the rest of PER-004. PRC -001-1 R2 should not be "medium" if R 2.1 and 2.2 are "High". PRC-005-0 is balloted too "High"; for instance violation, of R1.3 regarding the summarization of testing procedures for transmission protection equipment; or not having documentation for R1.1.4 regarding documentation of batteries on the system is unlikely to cause a cascading failure of the bulk electric system. BAL-006-1 is balloted to "LOW". These requirements, while containing administrative aspects, deal with common megawatt hour meters and inadvertent, agreements on inadvertent interchange and net scheduled interchange, etc. Progress Energy believes that these risk factors should be "Medium" because of the NERC definition of a medium risk factors which is: a. A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures;</p>
	<p>Response: The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>

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Commenter	Comments
Rusty S. Foster Negative	Until the standards are better written the risk factors are out of line with what truly can cause a cascading outage.
<p>Response:</p> <p>Making modifications to the requirements is outside the scope of this drafting team.</p>	
Robert Jefferson Remley Negative	Still have to many "HIGH" ratings
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>	
Carolyn J Ingersoll Negative	There are, in my opinion, inconsistencies in the application of the ratings that should be resolved before finalizing the VRF. Some examples include the following: BAL-002-0 R3 and R4 should have the same rating because they equate to the same action, i.e. recovering from a DCS. Another example, BAL-005-0 R10 and BAL-005 -0 R12; it would seem the significance of having common telemtered values to adjacent control centers would be of equivalent significance with the inclusion of Dynamic Schedules given both will have an impact on ACE. I would also argue that anything related to developing a plan should not be given a high rating because the lack of a plan does not directly cause or contribute to instability, separation or cascading outages.
<p>Response:</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and</p>	

Violation Risk Factors — Ballot Comments

Commenter	Comments
	<p>the drafting team will move those forward to balloting.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>
Joseph Krupar Affirmative	<p>The proposed Violation Risk Factor Matrix, while better than nothing, is flawed because it classifies too many violations as "high" risk. This classification should be reserved for violations that pose a significant risk to the bulk power system, such as a risk of a cascading failure. Both to protect entities from excessive penalties and to ensure accurate public perception of actions affecting the reliability of the bulk power system, the Violation Risk Factor Matrix should be revised to classify fewer violations as "high-risk."</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
Lee G Schuster Negative	<p>Progress Energy does not believe that all risk factors are weighted correctly. Specific major concerns that we have on the risk factors are identified below: IRO-005-0 R 13, and 14: Requirement 14 cannot be rated "medium" if requirement 13 is rated "high". R13 states that RCs shall ensure that TOs, BAs, TSPs, etc. in their area operate to prevent the likelihood that actions or non-actions will cause and SOL and IROL, and we agree this should be rated "high". R14 states that the RC will make known to those entities in it's Area all possible SOL and IROLs and that the TSPs will respect these limitations in their Tariffs and ATC calculations, and this is rated</p>

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Commenter	Comments
	<p>"medium". We disagree and think it should be "high", since if an RC does not distribute IROL and SOL information to the entities in it's wide area view and the entities don't respect these limitations, this could potentially cause a cascading failure of the system. If SOLs and IROLs are of "high" importance then requirements considering these limits should also be "high" importance. MOD-13-0 R1.1. : Deals with reporting of unit specific dynamics data for generators and synchronous condensers. NERC has this balloted as "high"; failure to comply with this requirement, while important, is unlikely to contribute or cause a cascading failure of the power system. PER-004-0 R5: States "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." Progress Energy recommends that this be moved to "High" since we believe that if the RC does not have the best information available and if they do not pay particular attention to IROLs and SOLs this COULD cause a blackout or cascading failure. This risk factor should be "High" like the rest of PER-004. PRC -001-1 R2 should not be "medium" if R 2.1 and 2.2 are "High". PRC-005-0 is balloted too "High"; for instance violation, of R1.3 regarding the summarization of testing procedures for transmission protection equipment; or not having documentation for R1.1.4 regarding documentation of batteries on the system is unlikely to cause a cascading failure of the bulk electric system. BAL-006-1 is balloted to "LOW". These requirements, while containing administrative aspects, deal with common megawatt hour meters and inadvertent, agreements on inadvertent interchange and net scheduled interchange, etc. Progress Energy believes that these risk factors should be "Medium" because of the NERC definition of a medium risk factors which is: a. A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures;</p>

Response:

The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.

The Standards Committee recently approved submitting *NERC's Reliability Standards Development Plan 2006-2009* to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site:

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Commenter	Comments
	<p>http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>
<p>Gregory David Woessner Negative</p>	<p>Too many of requirements that will not directly lead to a cascading outage are "High".</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
<p>Bruce E Merrill Negative</p>	<p>LES feels that many of the requirements that are labeled as HIGH Risk have been assigned a risk factor that is too high and out of proportion with the severity of the risk with violating that requirement. In addition, all 1400+ VRFs are to be decided by a single vote. While LES does agree with numerous assigned levels and the need to eventually assign risk factors with each requirement, we can not vote affirmative on the ballot as it stands. LES would like the Drafting Team to differentiate Importance from Risk, and approach these levels of risk/penalties on a smaller scale.</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families. The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment</p>

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Commenter	Comments
	<p>period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The Version 1 risk factors will also be grouped by family and re-posted for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p>
<p>Darl Shimko Affirmative</p>	<p>We are voting for the addition of risk factors to the Standards Requirements because we believe they are a critical dimension of consistent enforcement action. Nevertheless, we do so with substantial reservations about many of the risk ratings, as they unduly classify many requirements as high risk, due in part to a flawed survey process that apparently selected rankings based on plurality, rather than majority, preference. We urge NERC to promptly review and revise the Risk Factor Matrix to classify fewer violations as high risk so that the public does not develop a distorted perception of risks to reliability, so that the risk rankings better reflect stakeholder consensus, and to avoid the potential for enforcement penalties that are out of line with the risk posed to reliability of the bulk electric system.</p>
<p>Response:</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	
<p>Ronald Dacombe Negative</p>	<p>Some Violation Risk Factors are inappropriately HIGH " related to planning standards; there is sufficient opportunity to mitigate prior to operation. Too many standards are affected by a single ballot</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p>	

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	<p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p>
Thomas C. Mielnik Affirmative	There are too many VRF that are rated as being high risk even though they would not directly lead to cascading outages. There should be more low risk VRF than medium risk VRF. Also, there should be more medium risk VRF than high risk VRF.
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
Herbert Schrayshuen Negative	National Grid believes that the recent addition of a small number of Version 1 standards to the Version 0 Standards (that had already received a more thorough industry review and posting) is not appropriate and results in an inconsistent application of standards making process. National Grid supports the idea that the Version 0 standards be voted on separately and that the Version 1 standards, recently added, be withdrawn and posted for additional comment

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Commenter	Comments
	before being separately balloted.
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>
<p>Christopher Lawrence de Graffenried Negative</p>	<p>The recent addition of a small number of Version 1 standards to the Version 0 Standards that had already received a more thorough industry review and posting, we believe is not appropriate and results in an inconsistent process issue. We suggest that the Version 0 standards be voted on separately and the Version 1 standards, recently added, be withdrawn and posted for addition comment before being balloted.</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>

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Commenter	Comments
Michael Schiavone Negative	NMPC believes that the recent addition of a small number of Version 1 standards to the Version 0 Standards (that had already received a more thorough industry review and posting) is not appropriate and results in an inconsistent application of standards making process. National Grid supports the idea that the Version 0 standards be voted on separately and that the Version 1 standards, recently added, be withdrawn and posted for additional comment before being separately balloted.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>	
Jeff Gienow Negative	Too many aspects for a single vote
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>	
Ronald Donahey Negative	Don't agree with all the standards that are rated High
Response:	

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Commenter	Comments
	<p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
James Keller Negative	Request re-draft of the assignment of risk factors to requirements with a focus on immediate grid impact for an assignment of High Risk.
	<p>Response: The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
James Maenner Negative	All 1400+ VRF should not be decided by a single vote. WPSC agrees with many of the rankings, but disagrees others and cannot segregate those out in a single all or nothing vote. Too many Risk Factors are rated as High Risk even though not meeting the related requirements would not cause a cascading outage. The challenge for the SDT was to differentiate importance from risk, this confusion seems to have contributed to many rankings being too high.
	Response:

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	<p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Kevin John Conway Negative</p>	<p>In principle we understand the need for assessing the risk of a particular violation. However, we believe that the definitions for determining the factors are flawed. The words “could cause” are troublesome. High designation should be limited to those few events or actions that “will” cause a cascading outage. While we may agree with most of the designations provided by the drafting team, based on the previous comment we believe there are too many high risk designations as balloted.</p>
<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team’s scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’</p>	

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Commenter	Comments
rating.	
Gayle Mayo Affirmative	<p>IMPA supports the concept of risk factors and believes that the proposed risk factors are better than no risk factors. However, IMPA shares the unanimous concerns of the NERC Operating Committee that too many requirements are classified as High Risk. IMPA believes this classification should be reserved for requirements whose violation poses a serious risk, such as the risk of cascading outages, to the bulk power system. IMPA fears that we risk creating a false public perception of unreliability of the electric grid. In addition, IMPA believes that the penalties that may be imposed as a result of the proposed risk factors are likely to be, in many cases, excessive. IMPA urges NERC to promptly initiate a revision to the proposed violation risk factors that considers these concerns.</p>
Response:	<p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>
Joe Buch Affirmative	<p>Madison Gas and Electric Co. supports the addition of risk factors to the Standard's Requirements, but has substantial reservations over many of the Standards Requirements that are classified as High. Our ballot decision is between two undesirable choices: Vote for a Risk Factor Matrix that has an excessive number of requirements classified as High Risk; or vote against the standard, leaving little or no definition of a key dimension of consistent and proportionate enforcement action for a significant period of time. By design, the Bulk Electric System has multiple levels of redundancy. This design is subject to multiple levels of review, with input at the local, regional and national/international levels. Due to the redundancy in design and review there should be very few individual Standard's Requirements that can be classified with a risk factor of High. To classify so many requirements as high risk can create inaccurate public perceptions of the cause-and-effect relationship of actions to reliability of the bulk power system. It also can result in excessive penalties. Furthermore, the methodology used to determine support for the rankings has a serious weakness. A simple plurality of survey responses to the rankings of High, Medium, or Low was sufficient to place an individual requirement in a category. Thus, for example, 34 responses out of 100 recommending a ranking of High were considered sufficient to establish an individual requirement as having a risk factor of High. This is inconsistent with having a super majority to pass a standard, let alone even a simple majority. In the previous example, if a second round of the survey were taken with the ranking having the fewest first-round votes eliminated, it is quite likely that the majority response would be for a ranking lower than</p>

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Commenter	Comments
	<p>"High". We recommend NERC promptly execute a process to review and revise the Risk Factor Matrix to classify fewer violations as high risk.</p>
	<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p> <p>The Standards Committee recently approved submitting <i>NERC’s Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. (Please see the summary consideration of comments at the front of this document for a listing of the types of refinements expected with the review of each standard.) Looking more closely at the VRF values is part of this review, and as each standard (including each requirement’s VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p> <p>The VRFDT does not understand the reference to “34 responses out of 100 recommending a ranking of High,”</p>
<p>John Krajewski Affirmative</p>	<p>Comments of the Municipal Energy Agency of Nebraska</p> <p>Violation Risk Factors Ballot Pool</p> <p>In general, the Municipal Energy Agency of Nebraska (MEAN) supports the need for setting up the Violation Risk Factors. MEAN struggled with regard to whether to vote against the factors, or to vote for the proposed factors, but with comments. MEAN’s decision to vote in the affirmative with comments reflects the importance MEAN places on differentiating between the risks associated with the standards.</p> <p>MEAN’s concerns are with:</p> <ol style="list-style-type: none"> 1. The relative importance level assigned to some events 2. The disproportionate burden some of the high and medium risk events place on transmission dependent

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Commenter	Comments
	<p>utilities like MEAN.</p> <p>3. The overall tendency to rate items as HIGH or MEDIUM As an example, tasks that most entities would classify as administrative in nature are sometimes given a HIGH or MEDIUM risk factor, while other items that could genuinely lead to problems are given LOWER or MEDIUM.</p> <p>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.</p> <p>This is assigned a LOWER risk factor.</p> <p>However, INT-001 provides the following:</p> <p>INT-001-0 R1. The load-serving Purchasing-Selling Entity shall be responsible for ensuring Tags are submitted for:</p> <p>INT-001-0 R1.1. All Interchange Transactions that are between Balancing Authority</p> <p>Areas</p> <p>Although this is what most utilities would classify as routine administrative work these are assigned a MEDIUM risk factor.</p> <p>If one were to believe a standard that is assigned a MEDIUM risk factor is more important than a standard with a LOWER risk factor, then the conclusion could be reached that it is more important for a PSE to submit a tag for a 1 MW transaction than it is for the Balancing Authority to include its own 100 MW transaction in the calculation of net scheduled interchange (NSI). The latter mistake is more likely to cause a problem on the interconnected system. In addition, if the PSE submits the tag but the Balancing Authority fails to include it in the NSI, the Balancing Authority's mistake is classified as a LOWER risk. There seems to be a lack of proportionality with some of the risk factors, and the proportionality seems to adversely affect transmission dependent utilities more than it affects transmission owners and balancing authorities.</p> <p>In addition, since there is no requirement for traditional vertically integrated utilities to tag their own generation to load within their own control area, they are not subject to the medium risks associated with BAL-005-0, while TDUs tend to have more transactions that cross balancing authority boundaries. Certainly the way a large vertically integrated utility dispatches its generation is of greater impact to the system than a 1 MW transaction tag; however, the balancing authority requirements tend to be identified as LOWER risk factors.</p> <p>The proposed Violation Risk Factor Matrix, while better than nothing, is flawed because it classifies too many violations as HIGH or</p>

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Commenter	Comments
	<p>MEDIUM risk. The HIGH category should be reserved for those events that could truly be catastrophic and result in cascading outages. MEDIUM should be reserved for items that, when coupled with other MEDIUM risk events, could escalate into something more damaging. Any items that are primarily administrative in nature and could not cause a cascading outage, or even localized problems, should be classified as LOWER. The vast majority of items rated as HIGH or MEDIUM should probably be classified as LOWER.</p>
<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	
<p>Steven Wallace Negative</p>	<p>There are too many "higher" categorized requirements.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>	
<p>Anthony Jankowski Negative</p>	<p>Request re-draft of the assignment of risk factors to requirements with a focus on immediate grid impact for an assignment of High Risk. Support the NERC OC comments related to excessive High Risk requirements.</p>

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Commenter	Comments
	<p>Response: The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately rated.</p>
Edward F. Groce Affirmative	This is a good start but there is still work to be done.
	<p>Response: The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. (Please see the summary consideration of comments at the front of this document for a listing of the types of refinements expected with the review of each standard.) Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p> <p>The VRF Drafting Team thanks you for the compliment.</p>
Dennis Florum Negative	LES feels that many of the requirements that are labeled as HIGH Risk have been assigned a risk factor that is too high and out of proportion with the severity of the risk with violating that requirement. In addition, all 1400+ VRFs are to be decided by a single vote. While LES does agree with numerous assigned levels and the need to eventually assign risk factors with each requirement, we cannot vote affirmative on the ballot as it stands. LES would like the Drafting Team to differentiate Importance from Risk, and approach these levels of risk/penalties on a smaller scale.
	<p>Response: The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each 'family' of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related</p>

Violation Risk Factors — Ballot Comments

Commenter	Comments
	<p>families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Mark Aikens Negative</p>	<p>Some Violation Risk Factors are inappropriately HIGH “ related to planning standards; there is sufficient opportunity to mitigate prior to operation. Too many standards are affected by a single ballot</p>
	<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team’s scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>James Nickel Negative</p>	<p>MPPA shares the concerns of the NERC Operating Committee (among others) that the proposed assignment of Violation Risk Factors to the Standards is, in general, too heavily weighted to the “High” side, and inconsistent with the definitions of the factors. MPPA recognizes that the proposed Violation Risk Factors reflect comments from a broad spectrum of the industry. We further recognize the uncertainties</p>

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Commenter	Comments
	<p>involved should a key element of the standards be voted down (delayed?) at this time. At risk of oversimplification, the question boils down to whether a badly flawed set of Violation Risk Factors should be adopted in order to prevent some potentially worse outcome. With no means to accurately evaluate the risk on either side, there is no obvious answer. MPPA is hard pressed to justify voting in favor of a known bad outcome in order to prevent an unknown outcome, and is voting NO at this time.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>	
<p>Barry Green Negative</p>	<p>The recent addition of some Version 1 standards to the Version 0 Standards that had already received a more thorough industry review and posting is not appropriate and results in an inconsistent process issue. The Version 0 standards should be voted on separately and the Version 1 standards should be withdrawn and posted for additional comment before being balloted.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families to keep the total number of ballots to a minimum. Version 1 standards will be also grouped by family and will be sent out for another round of comments. After the comments are addressed, the Version 1 standards will be balloted by family.</p>	
<p>Mark Heimbach Negative</p>	<p>There is some concern in that there is no differentiation between operating, preparedness and technical standards. Some are rated too high that have nothing to do with system reliability.</p>

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	<p>Response: The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
Wayne Lewis Negative	<p>Progress Energy does not believe that all risk factors are weighted correctly. Specific major concerns that we have on the risk factors are identified below: IRO-005-0 R 13, and 14: Requirement 14 cannot be rated "medium" if requirement 13 is rated "high". R13 states that RCs shall ensure that TOs, BAs, TSPs, etc. in their area operate to prevent the likelihood that actions or non-actions will cause and SOL and IROL, and we agree this should be rated "high". R14 states that the RC will make known to those entities in it's Area all possible SOL and IROLs and that the TSPs will respect these limitations in their Tariffs and ATC calculations, and this is rated "medium". We disagree and think it should be "high", since if an RC does not distribute IROL and SOL information to the entities in it's wide area view and the entities don't respect these limitations, this could potentially cause a cascading failure of the system. If SOLs and IROLs are of "high" importance then requirements considering these limits should also be "high" importance. MOD-13-0 R1.1. : Deals with reporting of unit specific dynamics data for generators and synchronous condensers. NERC has this balloted as "high"; failure to comply with this requirement, while important, is unlikely to contribute or cause a cascading failure of the power system. PER-004-0 R5: States "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." Progress Energy recommends that this be moved to "High" since we believe that if the RC does not have the best information available and if they do not pay particular</p>

Violation Risk Factors — Ballot Comments

Commenter	Comments
	<p>attention to IROLs and SOLs this COULD cause a blackout or cascading failure. This risk factor should be "High" like the rest of PER-004. PRC -001-1 R2 should not be "medium" if R 2.1 and 2.2 are "High". PRC-005-0 is balloted too "High"; for instance violation, of R1.3 regarding the summarization of testing procedures for transmission protection equipment; or not having documentation for R1.1.4 regarding documentation of batteries on the system is unlikely to cause a cascading failure of the bulk electric system. BAL-006-1 is balloted to "LOW". These requirements, while containing administrative aspects, deal with common megawatt hour meters and inadvertent, agreements on inadvertent interchange and net scheduled interchange, etc. Progress Energy believes that these risk factors should be "Medium" because of the NERC definition of a medium risk factors which is: a. A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures;</p>
<p>Response:</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	
<p>Rickey Terrill Negative</p>	<p>The violation risk factors have terminology that differs from terminology utilized by regional entities. Language needs to be included with this standard that clearly delineates the process for resolving regional differences. Also, the implementation date for each region should be tied to the signing of the regional delegation agreement.</p>
<p>Response:</p> <p>These are not regional standards, and they need comparable applicability across North America.</p>	

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Commenter	Comments
Linda Horn Negative	Request re-draft of the assignment of risk factors to requirements with a focus on immediate grid impact for an assignment of High Risk.
	<p>Response:</p> <p>The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team's scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many 'high' ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a 'high' rating.</p>
James Eckelkamp Negative	<p>Progress Energy does not believe that all risk factors are weighted correctly. Specific major concerns that we have on the risk factors are identified below: IRO-005-0 R 13, and 14: Requirement 14 cannot be rated "medium" if requirement 13 is rated "high". R13 states that RCs shall ensure that TOs, BAs, TSPs, etc. in their area operate to prevent the likelihood that actions or non-actions will cause and SOL and IROL, and we agree this should be rated "high". R14 states that the RC will make known to those entities in it's Area all possible SOL and IROLs and that the TSPs will respect these limitations in their Tariffs and ATC calculations, and this is rated "medium". We disagree and think it should be "high", since if an RC does not distribute IROL and SOL information to the entities in it's wide area view and the entities don't respect these limitations, this could potentially cause a cascading failure of the system. If SOLs and IROLs are of "high" importance then requirements considering these limits should also be "high" importance. MOD-13-0 R1.1. : Deals with reporting of unit specific dynamics data for generators and synchronous condensers. NERC has this balloted as "high"; failure to comply with this requirement, while important, is unlikely to contribute or cause a cascading failure of the power system. PER-004-0 R5: States "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</p>

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Commenter	Comments
	<p>to allow Reliability Coordinator operating personnel to have the best available information at all times." Progress Energy recommends that this be moved to "High" since we believe that if the RC does not have the best information available and if they do not pay particular attention to IROLs and SOLs this COULD cause a blackout or cascading failure. This risk factor should be "High" like the rest of PER-004. PRC -001-1 R2 should not be "medium" if R 2.1 and 2.2 are "High". PRC-005-0 is balloted too "High"; for instance violation, of R1.3 regarding the summarization of testing procedures for transmission protection equipment; or not having documentation for R1.1.4 regarding documentation of batteries on the system is unlikely to cause a cascading failure of the bulk electric system. BAL-006-1 is balloted to "LOW". These requirements, while containing administrative aspects, deal with common megawatt hour meters and inadvertent, agreements on inadvertent interchange and net scheduled interchange, etc. Progress Energy believes that these risk factors should be "Medium" because of the NERC definition of a medium risk factors which is: a. A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures;</p>
<p>Response:</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team's evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. Where the drafting team noted what appeared to be inequities in the rating assigned to similar requirements, the drafting team attempted to highlight the difference for stakeholders. While there are areas where the risk factors could be improved, there appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Standards Committee recently approved submitting <i>NERC's Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement's VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	

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Commenter	Comments
Hugh Aron Owen Negative	There are too many requirements with a high risk factor. It all hinges on the interpretation of the phrase "... could directly cause or contribute to a bulk electric system instability, separation or a cascading sequence..." To my mind the word "directly" was not given enough emphasis. In addition, I believe the proper time to assign risk factors and compliance measures is when the standards are redone using the regular standards process.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p> <p>Note that in the future, as new standards are developed, the risk factors will be developed and refined as part of the standard development process – the risk factors will be posted for comment when the draft standard is posted for comment.</p> <p>The Standards Committee recently approved submitting <i>NERC’s Reliability Standards Development Plan 2006-2009</i> to the NERC Board of Trustees. The three-year plan involves stakeholder review and upgrade of ALL approved standards. The plan is posted at the following site: http://www.nerc.com/~filez/standards/Reliability_Standards_Under_Development.html</p> <p>Looking more closely at the VRF values is part of this review, and as each standard (including each requirement’s VRFs), is revised, that standard, along with its VRFs, will be posted for stakeholder comment.</p>	
Rebecca Adrienne Craft Negative	The recent addition of a small number of "Version 1" standards after the August 31 comment period on "Version 0" standards is not appropriate. The Version 1 standards were not part of the review process, and should be withdrawn to allow balloting on the "Version 0" standard risk factors.
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p>	

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	<p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>
<p>Robert C Williams Affirmative</p>	<p>The proposed Violation Risk Factor Matrix, while better than nothing, is flawed because it classifies too many violations as “high” risk. This classification should be reserved for violations that pose a significant risk to the bulk power system, such as a risk of a cascading failure. Both to protect entities from excessive penalties and to ensure accurate public perception of actions affecting the reliability of the bulk power system, the Violation Risk Factor Matrix should be revised to classify fewer violations as high-risk.</p>
	<p>Response: The definitions used for the Violation Risk Factors matrix were approved by the Board of Trustees as part of the Reliability Standards Development Procedure Version 5.0. It is beyond the VRF Drafting Team’s scope to change the definitions. Requests to review the definitions should be addressed through the normal standards development process.</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Daniel C Prowse Negative</p>	<p>Some Violation Risk Factors are inappropriately HIGH related to planning standards; there is sufficient opportunity to mitigate prior to operation. Too many standards are affected by a single ballot</p>
	<p>Response:</p>

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Commenter	Comments
	<p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period and there are many ‘high’ ratings. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors were only posted once and many stakeholders indicated a desire to have a second comment period on these. The drafting team will re-post the Version 1 risk factors for another comment period. Stakeholder consensus from the second posting will be used to determine which risk factors will be balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel were inappropriately assigned a ‘high’ rating.</p>
<p>Donald Nelson Negative</p>	<p>The Massachusetts Department of Telecommunications and Energy supports NPCC comments. We believe that one affirmative or negative vote for all 1398 Risk Factors is inappropriate and that they should be voted by standard groups.</p>
<p>Response:</p> <p>The VRF Drafting Team is asking the Standards Committee (SC) for authorization to split the VRF project into two projects – Version 0 and Version 1. There will be a Version 0 project that will be balloted with a separate ballot for each ‘family’ of standards (BAL, FAC, etc.). Where there are only one or two standards in a family, we may cluster the smaller, related families.</p> <p>The Version 0 risk factors were posted for two comment periods. The VRF Drafting Team evaluated all non-consensus industry ratings after the first comment period and provided the VRF Drafting Team’s evaluation with reasons for any differences from industry majority rankings for the second comment period. All VRF Drafting Team recommended ratings were based on the Risk Factor definitions. The Version 0 risk factors posted for ballot were the risk factors that met the consensus of commenters during the second comment period. There appears to be stakeholder consensus on the Version 0 risk factors and the drafting team will move those forward to balloting.</p> <p>The Version 1 risk factors will also be grouped by family and re-posted for comment - the industry consensus will be used for the VRF values to be re-balloted. This should give you an opportunity to comment on any Version 1 risk factors that you feel have an inappropriate risk factor.</p>	

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Additional Comments from Phil Park of BCTC:

BCTC commends the Drafting Team on this significant effort to reach a consensus on this formidable task. Indeed, it has been a significant undertaking for BCTC to even review and comment. Regardless of the risk and severity levels identified in the Sanctions Matrix, we expect most entities will strive to be compliant with NERC Standards. Consequently, the importance of the Sanctions Matrix is not only in assessing sanctions, but also in establishing priorities when entities find they cannot meet all requirements, such as when resource constrained. Hence, VRFs have potential reliability implications.

We also note that the Version 1 Violation Risk Factor recommendation has not been subjected to stakeholder comments. Therefore, this ballot is our first opportunity to comment on these VRF recommendations of the Drafting Team.

BCTC agrees with or can accept most recommended Violation Risk Factors. BCTC has voted No for the reasons outlined below. BCTC agrees with the definitions of High, Medium, and Lower risk, but submit that not all Requirements can be slotted literally into one of these definitions and, therefore, some application of judgment is appropriate. We look forward to hearing the views of the Drafting Team on these issues.

Version 1 Standards			
Standard Requirement	NERC VRF	BCTC VRF	Explanation of BCTC VRF
FAC-010-1 R1	Medium	Lower	This requirement, in the context of other Requirements, only adds documentation of the Methodology. This is an administrative Requirement.
FAC-010-1 R2 (including R2.1 to R2.5.1)	Medium	High	This is the fundamental Requirement for Planning Authorities to determine SOLs according performance standards. If SOLs are not determined in accordance with performance standards, operators will not have the information necessary to monitor for SOL violations (Ref. IRO-002, 3, 4). This could directly contribute to widespread outage should a contingency occur. The VRF for FAC-010-1 R2 should be the same as IRO - 001, 3, 4.
FAC-011-1 R1	Medium	Lower	This requirement, in the context of other Requirements, only adds documentation of the Methodology. This is an administrative Requirement.
FAC-011-1 R2 (including R2.1 to R2.4)	Medium	High	This is the fundamental Requirement for Reliability Coordinators to determine SOLs according performance standards. As for FAC-010-1, if SOLs are not determined in accordance with performance standards, this could directly contribute to widespread outage should a contingency occur. Determination of SOLs should have the same VRF as the use of SOLs.
FAC-013-1 R1	Medium	High	Same as for SOLs, if Transfer Capabilities are not determined, operators will not have reliable information

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			necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-013-1 R2 to R2.2	Medium	High	If Transfer Capabilities are not communicated, operators and Reliability Coordinators will not have reliable information necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R1	Medium	High	If SOLs and IROLs are not established, operators and Reliability Coordinators will not have reliable information necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R2	Medium	High	If SOLs and IROLs are not established, operators and Reliability Coordinators will not have reliable information necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R3	Medium	High	If SOLs and IROLs are not established consistent with the SOL methodology, operators and Reliability Coordinators will not have reliable information necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R4	Medium	High	These are the SOLs to be provided under FAC-014-1 R5. If SOLs and IROLs are not established consistent with the SOL methodology, operators and Reliability Coordinators will not have reliable information necessary to monitor violations. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R5 to R5.4	Medium	High	If SOLs and IROLs are not communicated, entities with a reliability based need will not have information necessary to ensure reliability. This could directly contribute to widespread outage should a contingency occur.
FAC-014-1 R6 to R6.1	Medium	High	Without the stability limits of credible multiple contingencies known to RC, the system could be operated unsafely and resulting in instability and potential collapse should the contingency occur.
IRO-014-1 R1.1.6	Medium	High	Reliability Coordinators are the interface with other Reliability Coordinators. Lack of authority to act in this role can directly contribute to widespread outage.
IRO-015-1 R1.1	Medium	High	Reliability Coordinators are the interface with other Reliability Coordinators. Notifications not given can

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			directly contribute to widespread outage.
IRO-015-1 R3	Medium	High	Reliability Coordinators are the interface with other Reliability Coordinators. If information is not provided, this can directly contribute to widespread outage.
<u>Version 0 Standards</u>			
FAC-005-0 R1	Lower	Medium	This VRF refers to having the rating data and should be consistent with R1.1. R1.1 refers to the requirement of rating methodology consistency and has VRF of Medium.
FAC-005-0 R2	Lower	Medium	This VRF refers to the need of providing the rating data and should be consistent with R1.
INT – 001–0 R1 to R5.	Medium	Lower	Violation Risk Factor should be “Lower” as all tagging issues are prior to check out for next hour and implementation into AGC.
INT – 002–0 R1 to R5.	Medium	Lower	Violation Risk Factor should be “Lower” as all tagging issues are prior to check out for next hour and implementation into AGC.
MOD-010-0 R1	Lower	Medium	This is the Requirement for Functional Entities to submit data to RROs, in conjunction with MOD-011-0 R1. This data is used by RROs and other parallel Functional Entities to model interconnected system performance. RROs make this data available for Functional Entities to model other interconnected Entities systems, and this is often the primary source of data. Although the violation risk is not well defined by the Medium category, the risk is certainly higher than that associated with an administrative function. Also, MOD-011-0 R1 is considered High. Violation of MOD-010-0 R1 impinges on the results of performing MOD-011-0 R1, which also supports at least a Medium VRF for MOD-010-0 R1. VRF for MOD-010-0 R1 should be the same as MOD-012-0 R1, R2, and Version 1 MOD Requirements, which are Medium.
MOD-010-0 R2	Lower	Medium	Same explanation as for MOD-010-0 R1. This will make the VRF for MOD-010-0 R2 consistent with the VRF for MOD-011-0 R1.

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MOD-011-0 R1	High	Medium	This Requirement is a reporting procedure that applies in conjunction MOD-010-1 R1, specifying how the data is to be reported. While it is certainly an important Requirement, it does not equate to the risk level that could contribute to a widespread outage or delay system restoration. Literally read, it appears to be an administrative function. For the same reasons as MOD-010-0 R1, BCTC believes this requirement should have a VRF of Medium.
MOD-004-0 R1	Lower	Medium	This Requirement is for development and documentation of a methodology. We accept that the documentation is a Lower VRF. However, the development methodology, how CBM is determined, can affect the state of the electrical system, and is therefore a Medium VRF. Subrequirements can remain Lower as they primarily address the requirements of the documentation. Possibly these subrequirements would be more appropriately listed under MOD-005-0 R2, although we understand this is beyond the scope of the Drafting Team. A Medium VRF is consistent with Version 1 MOD Requirements which are Medium.
MOD-008-0 R1	Lower	Medium	Same as for MOD-004-0 R1. A Medium VRF is consistent with Version 1 MOD Requirements which are Medium.
MOD-016-0 R1 and MOD-017-0 R1	Medium Lower	Lower Medium	The VRFs for these two Requirements are reversed. Provision of the data is Medium, documentation is administrative and is Lower.
PRC-005-0 R1.1 to R1.6	High	Medium	PRC-005-0 R1 has a Violation Risk Factor of "Medium" all subsections should have a Violation Risk Factor equal to or less than Medium.
TOP-002-0 R2	Medium	Lower	This is a requirement to ensure Balancing Authority and Transmission Operator personnel participate in system planning and design process. Failure to comply will not lead to a violation that could directly affect the electrical state or the capability of the bulk electric system.
TOP-002-0 R3 & R4	Medium	Lower	This is a requirement that only applies if confidentiality agreements are in place and does not apply to the whole of the bulk power system therefore the factor should be lower.
TOP-002-0 R14.1	High	Medium	The "High" Violation Risk Factor should be reduced to "Medium" as a change in the generator real or reactive power output limit will not lead in itself system instability or cascading.

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TOP-002-0 R18	Medium	Lower	Failure to use uniform line identifiers will not affect the state of the electric system. Line identifiers are an administrative matter.
VAR-001-0 R4	Medium	High	If a Transmission Operator of these facilities, incorrect assumptions can directly contribute to widespread outage. Incorrect assumptions regarding reactive power sources can directly contribute to voltage instability. Incorrect assumptions on PSS can directly contribute to transient instability.

Response: These comments all relate to ratings applied to Version 1 standards. The drafting team is asking the Standards Committee for authorization to divide its work into two projects – Version 1 and Version 2. The drafting team will post Version 1 ratings for another comment period, and will address these comments in detail along with comments from other stakeholders on Version 1 ratings at that time.