

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) COM_EOP_PER
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

Many commenters (8) cited the recent interpretation of EOP-001 which clarified the requirement for agreements with adjacent Balancing Authorities. The VSL DT modified the VSLs for R1 of EOP-001-2 to account for that interpretation.

EOP-001-2 R1	<p>The Balancing Authority had operating agreements with more than 95%, but less than 100%, of its adjacent BAs.</p> <p>OR</p> <p>More than 95%, but less than 100%, of the Balancing Authority's agreements contain provisions for emergency assistance.</p> <p><u>N/A</u></p>	<p>The Balancing Authority had operating agreements with more than 90%, but not more than 95%, of its adjacent BAs.</p> <p>OR</p> <p>More than 90%, but not more than 75%, of the Balancing Authority's agreements contain provisions for emergency assistance.</p> <p><u>N/A</u></p>	<p>The Balancing Authority had operating agreements with <u>more than 85%, but not more than 80%, of its adjacent Balancing Authorities, but the</u></p> <p>OR</p> <p><u>More than 85%, but not more than 80%, of the Balancing Authority's agreements did not contain provisions for emergency assistance from remote Balancing Authorities.</u></p>	<p>The Balancing Authority had <u>did not have any</u> operating agreements with <u>85% or less of its</u> adjacent BAs.</p> <p>OR</p> <p><u>The Balancing Authority had operating agreements with adjacent Balancing Authorities, but the 85% or less of the Balancing Authority's agreements did not include contain any</u> provisions for emergency assistance.</p>
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One commenter noted that for EOP-004-1, R3, providing a preliminary written report to either the RRO or to NERC, but not both, should not be a HIGH violation severity level and suggested a Lower VSL. The team agreed to modify the VSL but assigned this a Moderate as failing to provide a report to one of the two required entities is significant.

EOP-004-1 R3	N/A	<p><u>N/A</u></p> <p><u>The responsible entity experienced a reportable incident and provided a preliminary written report to either the RRO or to NERC, but not both.</u></p>	<p>The responsible entity experienced a reportable incident and provided a preliminary written report to either the RRO or to NERC, but not both.</p> <p><u>N/A</u></p>	<p>The responsible entity experienced a reportable incident and provided a preliminary written report to neither the RRO nor NERC.</p>
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One commenter noted that the word "all" should not be included in the High VSL and it was removed – in addition, the team moved the High VSL to Moderate in an attempt to balance the assignments.

EOP-001-1 and EOP-001-2 R5	N/A	<p>N/A</p> <p>The Transmission Operator or Balancing Authority failed to provide a copy of one of its updated emergency plans to its Reliability Coordinator, its neighboring Transmission Operators, and its neighboring Balancing Authorities.</p>	<p>The Transmission Operator or Balancing Authority failed to provide a copy of one of its updated emergency plans to its Reliability Coordinator, all its neighboring Transmission Operators, and all its neighboring Balancing Authorities.</p> <p>N/A</p>	The Transmission Operator or Balancing Authority failed to complete an annual review, and update each of its emergency plans appropriately.

Many commenters (7) also had an issue with the choice to assign different weight to different sub-requirements in some VSLs but not in others. In general, there are some sub-requirements that have an equal impact on meeting a requirement, and others that have an unequal weight, so VSL assignments reflect that. In particular, commenters cited the VSLs for EOP-005-1 R1, which references Attachment 1, a document listing nine elements. Because Attachment 1 merely states that “the restoration plan **must consider** the following requirements, as applicable” (bolding ours), the VSL DT believes the VSLs are appropriate as written, and no changes were made.

A commenter noted that EOP-006-2 VSLs for R4 had a typographical error where the requirement number appeared in the column where the Severe VSL should have appeared. This error was corrected.

EOP-006-2 R4	The Reliability Coordinator did not resolve identified conflicts with the submitted restoration plans from its neighboring Reliability Coordinators within 30 calendar days of their discovery but did resolve conflicts within 60 calendar days of their discovery.	The Reliability Coordinator did not resolve identified conflicts with the submitted restoration plans from its neighboring Reliability Coordinators within 60 calendar days of their discovery but did resolve conflicts within 70 calendar days of their discovery.	The Reliability Coordinator did not resolve identified conflicts with the submitted restoration plans from its neighboring Reliability Coordinators within 70 calendar days of their discovery but did resolve conflicts within 80 calendar days of their discovery.	<p>R4</p> <p>The Reliability Coordinator did not review the submitted restoration plans from its neighboring Reliability Coordinators</p> <p>OR</p> <p>The Reliability Coordinator did not resolve identified conflicts with the submitted restoration plans from its neighboring Reliability Coordinators within 80 calendar days of their discovery.</p>
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For EOP-006-2 R9, the VSL assignments have been modified so that missing one sub-requirement is now a High VSL.				
EOP-006-2 R9	N/A	. N/A	N/A <u>The Reliability Coordinator supplied annual System restoration training but did not address one or more of the sub-requirements.</u>	The Reliability Coordinator supplied annual System restoration training but did not address one or more of the sub-requirements. OR The Reliability Coordinator supplied the required System restoration training but it did not do so on or more frequently than an annual basis.

Several commenters (4) did not support a Severe VSL as the assignment for a binary VSL. They were referred to FERC Guideline 2a, which requires all binary VSLs to be assigned as Severe.

In many cases, the suggestions represented a violation of FERC's or NERC's guidelines for VSLs, and no changes were made.

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

Voter	Entity	Segment	Vote	Comment
Kirit S. Shah	Ameren Services	1	Negative	For EOP-001-1 and EOP-001-2, the "severe" VSL description should be modify to state "...and update,as needed, each of its".
Response: Thank you for your comment. The VSL DT is unclear about which requirement you are referencing. FERC Guideline 3 requires that the VSL language be consistent with the language in the requirement, so we cannot add that phrase if it is not in the requirement. No change made.				

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

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Paul B. Johnson	American Electric Power	1	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Donald S. Watkins	Bonneville Power Administration	1	Negative	<p>EOP-001 R1 - the VSLs are in conflict with Project 2008-09 - Interpretation of EOP-001-0 Emergency Operations Planning Requirement R1 for the Regional Entity Compliance Managers. The VSL's have violations for not having agreements with anything less than 100% of adjacent BA's. The interpretation says you could possibly get away with one agreement as long as it could be a reasonable expectation to mitigate the emergency. The Interpretation passed with 99.14% approval and is currently awaiting Board Approval. BPA suggests that the Board approve the Interpretation and the the VSLs be rewritten for it.</p> <p>EOP-001-1, EOP-001-2, R5 - remove the word "all" since "all" is not in the requirement language.</p> <p>EOP-005-2, R7 for severe VSL suggest changing "OR" to "AND" believe this is a cut paste error (explanation if an entity can't execute as expected the requirement allows/requires utilizing strategies. The VSL "OR" means SEVERE even if utilizing strategies.</p> <p>EOP-008-0, R1 - seems like Lower should list only missing either 1.1 or 1.3 to be consistent with balloted sub-requirements, i.e. missing 1.8 should be higher than a lower. There is a cut/paste typo in the balloted language for R1.8 in that it repeated 1.7- should refer to the time frame of 1 hour).</p>
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R2 now reflect the interpretation you reference.</p> <p>"All" has been removed from R5 of EOP-001-1 and EOP-001-2.</p> <p>For EOP-005-2 R7, the VST DT believes the "OR" is appropriate. If either piece of the requirement is missed, it should be a Severe violation. No change made.</p> <p>In this case, the VSL DT feels that the sub-requirements have an equal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p>				

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Robert Martinko	FirstEnergy Energy Delivery	1	Negative	<p>EOP-001-1, R1 - The VSL may imply that you need an agreement with more than one BA. Per the latest BoT approved interpretation, the entity is only required to have an agreement with at least one BA. Suggest rewording the High and Severe VSL as follows: HIGH: The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not contain provisions for emergency assistance from remote Balancing Authorities. SEVERE: The Balancing Authority did not have an operating agreement with at least one adjacent Balancing Authority. OR The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not include any provisions for emergency assistance.</p> <p>EOP-004-1, R3 - Providing a preliminary written report to either the RRO or to NERC, but not both, should not be a HIGH violation severity level. We suggest this should be LOWER, because either one would eventually notify the other of the incident, and would not jeopardize the reliability of the BES enough to warrant a HIGH violation penalty.</p> <p>EOP-006-2, R4 is apparently missing a VSL for the SEVERE level.</p>
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>Change made to EOP-004-1 R3.</p> <p>A Severe VSL has been added for EOP-006-2 R4. That was a typo.</p>				
Michelle Rheault	Manitoba Hydro	1	Negative	<p>For EOP-001-version 1 and 2 R4 Attachment 1 contains 15 elements for consideration development of emergency plan. Specifying quantities of elements missed in a VSL (1,2,3 or 4 or more) are more fair then using the % basis. Not all entities have to address all 15 elements, thus the % system would have a different numeric value for each entity. Though this issue may be not be a major concern, lumping these 15 elements into 15 equal violations is not reasonable. Each element will have a different impact on reliability. For instance "notifications" to others cannot be categorized equally with load curtailments.</p> <p>For EOP-001-version 1 and 2 R5 has 4 major components - review, update,</p>

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				<p>communicate with neighbor and communicate with RC. Each of these four items roughly equal in severity. Thus, there should be four VSL's for this Standard. Lower - Did not complete one the four items in R5. Moderate - Did not complete two of the four items in R5. High - Did not complete three of the items in R5. Severe - Did not complete any of the items in R5. Having only two VSL's, one in the High category and one in the Severe category does not give equal weight to each of the four items in R5. Violating 1, 2, 3 or 4 of the items appears more logical.</p> <p>For EOP-005-1 R1 Attachment 1 contains 9 elements for consideration development of emergency plan. Lumping these 9 elements into 9 equal violations is not rational. Each element will have a different impact on the development of the plan. Ranking these 9 elements would be difficult, but if they were, then the VSL violations would be easier to administer. For instance the back bone of any restoration plan is based on Black Start Capability (1). All cranking paths develop from them. Having a plan and responsibility for staff would be (2). This details the cranking paths . Simulating and testing the plan would be (3). This item proves that 1 and 2 work and expose and train the operators in restoration. The remaining elements after these three steps would be a result of accomplishing these three steps. The ability to change plans (4), would be a result of training, Synchronizing islands (5) is the goal of restoration, then restoring load (6) as system becomes more stable and generation becomes available is the last step after synchronizing. And these are all "electrical" actions required system restoration. The last section is documentation are non electrical actions and more communications type issues. Functions of neighbors and RC (7) though obviously important in synchronizing are really the final steps (protocol) as a result of the first 6 steps. Then notifications (8) which enhances situational awareness. Documentation of training (9) is just proof and paperwork of steps 1 to 8 and do not at all impede the restoration of the system. So the reorganized elements in reverse order for clarity in the VSL'S; 1.Documentation of training 2.Notifications as required 3.Functions between entity, neighbors and RC 4.Instructions for restoring critical load and load 5.Instructions for synchronizing islands 6.Restoration plans may change plans 7.Simulate test and verify plans, plan 8.Plan and responsibilities for staff 9.Black Start capability Lower VSL - The Transmission Operator did not include Elements: 1 Moderate VSL- The Transmission Operator did not include Elements: 2 or 3 High VSL - The Transmission Operator did not include Elements: 4, 5 or 6 Severe VSL - The Transmission Operator did not include Elements: 7, 8 or 9</p>
<p>Response: Thank you for your comment.</p>				
<p>With respect to EOP-001-1 R4 and EOP-001-2 R4, the language in the VSLs already reflects your suggestion. It appears that you may have</p>				

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<p>looked at the prior balloted language. No change made.</p> <p>With respect to EOP-001-1 R5 and EOP-001-2 R5, the VSL DT sees the requirement as having two parts, not four, and the VSLs as written reflect that. We did, however, move the previously High VSL to Moderate.</p> <p>With respect to EOP-005-1 R1, because Attachment 1 merely states that “the restoration plan must consider the following requirements, as applicable” (bolding ours), the VSL DT believes the VSLs are appropriate as written. No change made.</p>				
John Tolo	Tucson Electric Power Co.	1	Negative	PER-005 R1,2 - preferred Balloted language
<p>Response: Thank you for your comment. There were no substantive changes made to the balloted language; all changes made were minor modifications for clarity and consistency with the language in the requirements. No change made.</p>				
Gregory Van Pelt	California ISO	2	Negative	EOP-001 R6 VSLs transfer from a low severity level to severe elements of operation that are not the responsibility of the Transmission Operator (securing or conserving fuel, energy or capacity). While it is not the purview of VSLs to correct the flaws of the Standards (e.g., misdirecting the functional responsibilities of Transmission Operators in this case), it should neither make this situation worse by making it a severe violation to not do what it is not their responsibility to do.
<p>Response: Thank you for your comment. Per FERC Guideline 3, the VSL language must match the language in the requirement. No change made.</p>				
Jason L Marshall	Midwest ISO, Inc.	2	Negative	<p>We disagree with the VSLs proposed for EOP-001-0 R5. The proposal is to change the VSLs from a percentage of the sub-requirements missed to an integer number of sub-requirements missed. No justification is given for the changes beyond meeting FERC guideline 1. However, there is no explanation for how keeping the VSLs approved in the ballot actually lowers the current level of compliance. Since the approved VSLs have been in place and conditionally approved by the Commission since June 19, 2008, it is hard to fathom how compliance could be lowered at this point over two years later.</p> <p>We believe the VSLs approved in the previous ballot should be retained for EOP-001-1 R1 and EOP-001-2 R1. They are more aligned with the Project 2008-09 Regional Entity Compliance Manager interpretation that was overwhelmingly approved by the ballot body during recirculation ballot. Furthermore, the proposed VSLs do not reflect what is needed for reliability and the proposed VSLs raise the bar unnecessarily. It is not uncommon to have regulatory restrictions to whom an entity can sell their energy. For example, there are several federally owned utilities</p>

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				<p>that are prevented from having agreements to sell emergency energy to their adjacent BAs by federal law unless they fit specifically within a group identified within that law. Often these are small entities. Their adjacent BAs are usually still able to procure sufficient emergency energy resources because they may be adjacent to a BA that is much larger that will provide more than ample access to emergency energy reserves. Thus, the size of the BA relative to its adjacent BAs is extremely important. A 500 MW BA may have 10 adjacent BAs that are similar in size and one that is 10,000 MW. One agreement with the large BA will meet the intent of the requirement but the VSLs as written would imply that BA would be in a Severe violation of the requirement.</p> <p>We disagree with the VSLs for EOP-001-1 R3 and EOP-001-2 R3. No justification is given for how the relative priorities were determined for each sub-requirement. In addition, it does not make sense that missing R3.3 and R3.4 jumps to a Severe VSL when missing either is a Lower or Moderate VSL respectively. It seems that missing both should be a High VSL. Each VSL should be written such that it requires missing another sub-requirement to go to the next VSL. Missing one sub-requirement should be Lower while missing two, three or four should be Moderate, High and Severe VSLs respectively.</p> <p>We disagree with the VSLs for EOP-001-1 R5 and EOP-001-2 R5 as they do not comport with FERC's stated desire in the June 19, 2008 VSL order to have as many gradated VSLs as possible and when practical. It is clearly possible and practical to have four VSLs based on the number of entities that the BA or TOP does not supply an emergency operating plan to as described in the ISO/RTO Council Standards Review Committee's comments during the last comment period.</p> <p>We disagree with the VSLs for EOP-001-1 R6. No justification is given for why sub-requirements are given relative priorities. How does coordinating transmission and generation maintenance schedules to maximize capacity contribute any less to complying with the requirement than establishing new interchange and establishing and maintaining communications? Simply rescheduling generator maintenance could obviate the need to import energy. Furthermore, there is no justification given for deviating from the balloted VSLs and elevating the VSLs that have been conditionally approved since June 19, 2008. In the balloted VSLs, missing two sub-requirements is a Moderate VSL whereas in the proposed VSLs missing two sub-requirements is a Severe VSL.</p> <p>We disagree with the VSLs for EOP-006-2 R9. There is no justification for jumping to</p>

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				Severe for violating one sub-requirement. There is no basis for jumping immediately to Severe for being one day late in delivering training.
<p>Response: Thank you for your comment.</p> <p>For EOP-001-0 R5, the balloted VSLs were modified to be consistent with the NERC VSL guidelines to describe noncompliant behavior. They were also modified to more accurately reflect the language in the requirement (e.g. adding the phrase "applicable elements"). No change made.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>For EOP-001-1 R3 and EOP-001-2 R3, in this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p> <p>With respect to EOP-001-1 R5 and EOP-001-2 R5, the VSL DT does not think four VSL assignments are appropriate, but we did attempt to balance the assignments by moving the High VSL to Moderate.</p> <p>For EOP-001-1 R6 and EOP-001-2 R6, in this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p> <p>For EOP-006-2 R9, the VSL assignments have been modified so that missing one sub-requirement is now a High VSL.</p>				
Raj Rana	American Electric Power	3	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Rebecca Berdahl	Bonneville Power Administration	3	Negative	<p>EOP-001 R1 - the VSLs are in conflict with Project 2008-09 - Interpretation of EOP-001-0 Emergency Operations Planning Requirement R1 for the Regional Entity Compliance Managers. The VSL's have violations for not having agreements with anything less than 100% of adjacent BA's. The interpretation says you could possibly get away with one agreement as long as it could be a reasonable expectation to mitigate the emergency. The Interpretation passed with 99.14% approval and is currently awaiting Board Approval. BPA suggests that the Board approve the Interpretation and the the VSLs be rewritten for it.</p> <p>EOP-001-1, EOP-001-2, R5 - remove the word "all" since "all" is not in the requirement language.</p> <p>EOP-005-2, R7 for severe VSL suggest changing "OR" to "AND" believe this is a cut</p>

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				<p>paste error (explanation if an entity can't execute as expected the requirement allows/requires utilizing strategies. The VSL "OR" means SEVERE even if utilizing strategies.</p> <p>EOP-008-0, R1 - seems like Lower should list only missing either 1.1 or 1.3 to be consistent with balloted sub-requirements, i.e. missing 1.8 should be higher than a lower. There is a cut/paste typo in the balloted language for R1.8 in that it repeated 1.7- should refer to the time frame of 1 hour).</p>
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>"All" has been removed from R5 of EOP-001-1 and EOP-001-2.</p> <p>For EOP-005-2 R7, the VST DT believes the "OR" is appropriate. If either piece of the requirement is missed, it should be a Severe violation. No change made.</p> <p>In this case, the VSL DT feels that the sub-requirements have an equal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p>				
Kevin Querry	FirstEnergy Solutions	3	Negative	<p>EOP-001-1, R1 - The VSL may imply that you need an agreement with more than one BA. Per the latest BoT approved interpretation, the entity is only required to have an agreement with at least one BA. Suggest rewording the High and Severe VSL as follows: HIGH: The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not contain provisions for emergency assistance from remote Balancing Authorities. SEVERE: The Balancing Authority did not have an operating agreement with at least one adjacent Balancing Authority. OR The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not include any provisions for emergency assistance.</p> <p>EOP-004-1, R3 - Providing a preliminary written report to either the RRO or to NERC, but not both, should not be a HIGH violation severity level. We suggest this should be LOWER, because either one would eventually notify the other of the incident, and would not jeopardize the reliability of the BES enough to warrant a HIGH violation penalty.</p> <p>EOP-006-2, R4 is apparently missing a VSL for the SEVERE level.</p>

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<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>Change made to EOP-004-1 R3.</p> <p>A Severe VSL has been added for EOP-006-2 R4. That was a typo.</p>				
Greg C. Parent	Manitoba Hydro	3	Negative	<p>For EOP-001-version 1 and 2 R4 Attachment 1 contains 15 elements for consideration development of emergency plan. Specifying quantities of elements missed in a VSL (1,2,3 or 4 or more) are more fair then using the % basis. Not all entities have to address all 15 elements, thus the % system would have a different numeric value for each entity. Though this issue may be not be a major concern, lumping these 15 elements into 15 equal violations is not reasonable. Each element will have a different impact on reliability. For instance "notifications" to others cannot be categorized equally with load curtailments.</p> <p>For EOP-001-version 1 and 2 R5 has 4 major components - review, update, communicate with neighbor and communicate with RC. Each of these four items roughly equal in severity. Thus, there should be four VSL's for this Standard. Lower - Did not complete one the four items in R5. Moderate - Did not complete two of the four items in R5. High - Did not complete three of the items in R5. Severe - Did not complete any of the items in R5. Having only two VSL's, one in the High category and one in the Severe category does not give equal weight to each of the four items in R5. Violating 1, 2, 3 or 4 of the items appears more logical.</p> <p>For EOP-005-1 R1 Attachment 1 contains 9 elements for consideration development of emergency plan. Lumping these 9 elements into 9 equal violations is not rational. Each element will have a different impact on the development of the plan. Ranking these 9 elements would be difficult, but if they were, then the VSL violations would be easier to administer. For instance the back bone of any restoration plan is be based on Black Start Capability (1). All cranking paths develop from them. Having a plan and responsibility for staff would be (2). This details the cranking paths . Simulating and testing the plan would be (3). This item proves that 1 and 2 work and expose and train the operators in restoration. The remaining elements after these three steps would be a result of accomplishing these three steps. The ability to change plans (4), would be a result of training, Synchronizing islands (5) is the goal of restoration, then restoring load (6) as system becomes more stable and generation becomes available is the last step after synchronizing. And these are all "electrical" actions required system restoration. The last section is documentation</p>

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				<p>are non electrical actions and more communications type issues. Functions of neighbors and RC (7) though obviously important in synchronizing are really the final steps (protocol) as a result of the first 6 steps. Then notifications (8) which enhances situational awareness. Documentation of training (9) is just proof and paperwork of steps 1 to 8 and do not at all impede the restoration of the system. So the reorganized elements in reverse order for clarity in the VSL'S; 1.Documentation of training 2.Notifications as required 3.Functions between entity, neighbors and RC 4.Instructions for restoring critical load and load 5.Instructions for synchronizing islands 6.Restoration plans may change plans 7.Simulate test and verify plans, plan 8.Plan and responsibilities for staff 9.Black Start capability Lower VSL - The Transmission Operator did not include Elements: 1 Moderate VSL- The Transmission Operator did not include Elements: 2 or 3 High VSL - The Transmission Operator did not include Elements: 4, 5 or 6 Severe VSL - The Transmission Operator did not include Elements: 7, 8 or 9</p>
<p>Response: Thank you for your comment.</p> <p>With respect to EOP-001-1 R4 and EOP-001-2 R4, the language in the VSLs already reflects your suggestion. It appears that you may have looked at the prior balloted language. No change made.</p> <p>With respect to EOP-001-1 R5 and EOP-001-2 R5, the VSL DT sees the requirement as having two parts, not four, and the VSLs as written reflect that. We did, however, move the previously High VSL to Moderate.</p> <p>With respect to EOP-005-1 R1, because Attachment 1 merely states that "the restoration plan must consider the following requirements, as applicable" (bolding ours), the VSL DT believes the VSLs are <u>appropriate as written</u>. No change made.</p>				
Douglas Hohlbaugh	Ohio Edison Company	4	Negative	<p>OP-001-1, R1 - The VSL may imply that you need an agreement with more than one BA. Per the latest BoT approved interpretation, the entity is only required to have an agreement with at least one BA. Suggest rewording the High and Severe VSL as follows: HIGH: The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not contain provisions for emergency assistance from remote Balancing Authorities. SEVERE: The Balancing Authority did not have an operating agreement with at least one adjacent Balancing Authority. OR The Balancing Authority had an operating agreement with at least one adjacent Balancing Authority, but the agreement did not include any provisions for emergency assistance.</p> <p>EOP-004-1, R3 - Providing a preliminary written report to either the RRO or to NERC, but not both, should not be a HIGH violation severity level. We suggest this should be LOWER, because either one would eventually notify the other of the incident, and would not jeopardize the reliability of the BES enough to warrant a</p>

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				HIGH violation penalty. EOP-006-2, R4 is apparently missing a VSL for the SEVERE level.
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>Change made to EOP-004-1 R3.</p> <p>A Severe VSL has been added for EOP-006-2 R4. That was a typo.</p>				
Brock Ondayko	AEP Service Corp.	5	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Sam Dwyer	Amerenue	5	Negative	For EOP-001-1 and EOP-001-2, the "severe" VSL description should be modify to state "...and update,as needed, each of its".
<p>Response: Thank you for your comment. The VSL DT is unclear about which requirement you are referencing. FERC Guideline 3 requires that the VSL language be consistent with the language in the requirement, so we cannot add that phrase if it is not in the requirement. No change made.</p>				
Francis J. Halpin	Bonneville Power Administration	5	Negative	EOP-001 R1 - the VSLs are in conflict with Project 2008-09 - Interpretation of EOP-001-0 Emergency Operations Planning Requirement R1 for the Regional Entity Compliance Managers. The VSL's have violations for not having agreements with anything less than 100% of adjacent BA's. The interpretation says you could possibly get away with one agreement as long as it could be a reasonable expectation to mitigate the emergency. The Interpretation passed with 99.14% approval and is currently awaiting Board Approval. BPA suggests that the Board approve the Interpretation and the the VSLs be rewritten for it. Even if the SDT declines to include the Interpretation (which I understand is contrary to the NERC desires) the current wording should be corrected. It is stated in the negative making it very confusing. It should be stated in the positive (what a BA does demonstrate instead of what they fail to demonstrate). Also the Lower VSL says "less that 25%" - that would include 0%. Failing to demonstrate agreements in place with 0% percent of adjacent BA's would (in the convoluted wording of the VSL) mean that a BA would have agreements with all (100% of adjacent BA's and should not be in violation yet would by the current wording still be in violation because 0% is less than 25% as stated in the Lower VSL. It should at a minimum say greater than 0%

Voter	Entity	Segment	Vote	Comment
				<p>but less than 25%. It would be much clearer to put it all in the positive, for example for the Lower VSL: A BA has agreements for emergency assistance with greater than 75% but less than 100% of adjacent BA's. Better still would be to include the Interpretation and start over from scratch.</p> <p>EOP-001-1, EOP-001-2, R5 - remove the word "all" since "all" is not in the requirement language.</p> <p>EOP-005-2, R7 for severe VSL suggest changing "OR" to "AND" believe this is a cut paste error (explanation if an entity can't execute as expected the requirement allows/requires utilizing strategies. The VSL "OR" means SEVERE even if utilizing strategies.</p> <p>EOP-008-0, R1 - seems like Lower should list only missing either 1.1 or 1.3 to be consistent with balloted sub-requirements, i.e. missing 1.8 should be higher than a lower. There is a cut/paste typo in the balloted language for R1.8 in that it repeated 1.7- should refer to the time frame of 1 hour).</p>
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>"All" has been removed from R5 of EOP-001-1 and EOP-001-2.</p> <p>For EOP-005-2 R7, the VST DT believes the "OR" is appropriate. If either piece of the requirement is missed, it should be a Severe violation. No change made.</p> <p>In this case, the VSL DT feels that the sub-requirements have an equal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p>				
Daniel Duff	Liberty Electric Power LLC	5	Negative	Using % of assets not in compliance discriminates against small entities.
<p>Response: Thank you for your comment. In many cases, the use of percentages is appropriate. Without more information about what you are referencing, we cannot respond in any more detail.</p>				
S N Fernando	Manitoba Hydro	5	Negative	For EOP-001-version 1 and 2 R4 Attachment 1 contains 15 elements for consideration development of emergency plan. Specifying quantities of elements missed in a VSL (1,2,3 or 4 or more) are more fair then using the % basis. Not all entities have to address all 15 elements, thus the % system would have a different

Voter	Entity	Segment	Vote	Comment
				<p>numeric value for each entity. Though this issue may be not be a major concern, lumping these 15 elements into 15 equal violations is not reasonable. Each element will have a different impact on reliability. For instance "notifications" to others cannot be categorized equally with load curtailments.</p> <p>For EOP-001-version 1 and 2 R5 has 4 major components - review, update, communicate with neighbor and communicate with RC. Each of these four items roughly equal in severity. Thus, there should be four VSL's for this Standard. Lower - Did not complete one the four items in R5. Moderate - Did not complete two of the four items in R5. High - Did not complete three of the items in R5. Severe - Did not complete any of the items in R5. Having only two VSL's, one in the High category and one in the Severe category does not give equal weight to each of the four items in R5. Violating 1, 2, 3 or 4 of the items appears more logical.</p> <p>For EOP-005-1 R1 Attachment 1 contains 9 elements for consideration development of emergency plan. Lumping these 9 elements into 9 equal violations is not rational. Each element will have a different impact on the development of the plan. Ranking these 9 elements would be difficult, but if they were, then the VSL violations would be easier to administer. For instance the back bone of any restoration plan is be based on Black Start Capability (1). All cranking paths develop from them. Having a plan and responsibility for staff would be (2). This details the cranking paths . Simulating and testing the plan would be (3). This item proves that 1 and 2 work and expose and train the operators in restoration. The remaining elements after these three steps would be a result of accomplishing these three steps. The ability to change plans (4), would be a result of training, Synchronizing islands (5) is the goal of restoration, then restoring load (6) as system becomes more stable and generation becomes available is the last step after synchronizing. And these are all "electrical" actions required system restoration. The last section is documentation are non electrical actions and more communications type issues. Functions of neighbors and RC (7) though obviously important in synchronizing are really the final steps (protocol) as a result of the first 6 steps. Then notifications (8) which enhances situational awareness. Documentation of training (9) is just proof and paperwork of steps 1 to 8 and do not at all impede the restoration of the system. So the reorganized elements in reverse order for clarity in the VSL'S; 1.Documentation of training 2.Notifications as required 3.Functions between entity, neighbors and RC 4.Instructions for restoring critical load and load 5.Instructions for synchronizing islands 6.Restoration plans may change plans 7.Simulate test and verify plans, plan 8.Plan and responsibilities for staff 9.Black Start capability Lower VSL - The Transmission Operator did not include Elements: 1 Moderate VSL- The Transmission</p>

Voter	Entity	Segment	Vote	Comment
				Operator did not include Elements: 2 or 3 High VSL - The Transmission Operator did not include Elements: 4, 5 or 6 Severe VSL - The Transmission Operator did not include Elements: 7, 8 or 9
<p>Response: Thank you for your comment.</p> <p>With respect to EOP-001-1 R4 and EOP-001-2 R4, the language in the VSLs already reflects your suggestion. It appears that you may have looked at the prior balloted language. No change made.</p> <p>With respect to EOP-001-1 R4 and EOP-001-2 R5, the VSL DT sees the requirement as having two parts, not four, and the VSLs as written reflect that. We did, however, move the previously High VSL to Moderate.</p> <p>With respect to EOP-005-1 R1, because Attachment 1 merely states that "the restoration plan must consider the following requirements, as applicable" (bolding ours), the VSL DT believes the VSLs are appropriate as written. No change made.</p>				
Edward P. Cox	AEP Marketing	6	Negative	Comments: AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Brenda S. Anderson	Bonneville Power Administration	6	Negative	<p>EOP-001 R1 - the VSLs are in conflict with Project 2008-09 - Interpretation of EOP-001-0 Emergency Operations Planning Requirement R1 for the Regional Entity Compliance Managers. The VSL's have violations for not having agreements with anything less than 100% of adjacent BA's. The interpretation says you could possibly get away with one agreement as long as it could be a reasonable expectation to mitigate the emergency. The Interpretation passed with 99.14% approval and is currently awaiting Board Approval. BPA suggests that the Board approve the Interpretation and the the VSLs be rewritten for it.</p> <p>EOP-001-1, EOP-001-2, R5 - remove the word "all" since "all" is not in the requirement language.</p> <p>EOP-005-2, R7 for severe VSL suggest changing "OR" to "AND" believe this is a cut paste error (explanation if an entity can't execute as expected the requirement allows/requires utilizing strategies. The VSL "OR" means SEVERE even if utilizing strategies.</p> <p>EOP-008-0, R1 - seems like Lower should list only missing either 1.1 or 1.3 to be consistent with balloted sub-requirements, i.e. missing 1.8 should be higher than a</p>

Voter	Entity	Segment	Vote	Comment
				lower. There is a cut/paste typo in the balloted language for R1.8 in that it repeated 1.7- should refer to the time frame of 1 hour).
<p>Response: Thank you for your comment.</p> <p>The VSLs for EOP-001-1 R1 and EOP-001-2 R1 now reflect the interpretation you reference.</p> <p>"All" has been removed from R5 of EOP-001-1 and EOP-001-2.</p> <p>For EOP-005-2 R7, the VST DT believes the "OR" is appropriate. If either piece of the requirement is missed, it should be a Severe violation. No change made.</p> <p>In this case, the VSL DT feels that the sub-requirements have an equal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p>				
Henry Ernst-Jr	Duke Energy Carolina	3	Affirmative	<p>a. EOP-001-1</p> <ul style="list-style-type: none"> • R1 - The VSLs for this requirement should be the same as the new proposed VSLs for EOP-001-2. • R3 - To maintain consistency with VSLs on this and other standards, these VSLs should be graduated by failure to comply with one, two, three or all four sub-requirements (see R2 VSLs for this standard), as opposed to indicating that some sub-requirements are more important than others. • R6 - To maintain consistency with VSLs on this and other standards, these VSLs should be graduated by failure to comply with one, two, three or all four sub-requirements (see R2 VSLs for this standard), as opposed to indicating that some sub-requirements are more important than others. <p>b. EOP-001-2</p> <ul style="list-style-type: none"> • R3 - To maintain consistency with VSLs on this and other standards, these VSLs should be graduated by failure to comply with one, two, three or all four sub-requirements (see R2 VSLs for this standard), as opposed to indicating that some sub-requirements are more important than others. • R6 - To maintain consistency with VSLs on this and other standards, these VSLs should be graduated by failure to comply with one, two, three or all four sub-requirements (see R2 VSLs for this standard), as opposed to indicating that some sub-requirements are more important than others. <p>c. EOP-005-1, R11 - We realize the phrase "begin immediately" is part of the requirement, but we think including it in the VSLs violates Guideline 2B because it is an ambiguous phrase. The drafting team might consider the use of an alternate</p>

Voter	Entity	Segment	Vote	Comment
				<p>phrase such as “without intentional delay”.</p> <p>d. EOP-006-2, R4 - Severe VSL appears to have been inadvertently omitted.</p>
<p>Response: Thank you for your comment.</p> <p>a. R1: The VSLs for EOP-001-1 R1 reflect the recent interpretation (Project 2008-09 – Interpretation of EOP-001-0) that was approved by the industry. That interpretation affirmed that Balancing Authorities need operating agreements with at least one adjacent Balancing Authority, but not necessarily ALL adjacent Balancing Authorities. The VSLs for EOP-001-2 R1 have also been modified to reflect this interpretation. R3: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made. R6: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p> <p>b. R3: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made. R6: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made.</p> <p>c. As you note, the VSL language as proposed is consistent with the language in the requirement. To maintain accordance with FERC Guideline 3, no change has been made.</p> <p>d. A Severe VSL has been added for EOP-006-2 R4. That was a typo.</p>				
Thomas E Washburn	Florida Municipal Power Pool	6	Affirmative	More of the requirements should have language in L, M, H and S not just N/A.
<p>Response: Thank you for your comment. We believe you are referencing the sub-requirements that have been rolled up. This change was consistent with NERC’s August 11, 2009 informational filing with FERC. Without knowing which requirements you are referencing, we cannot respond in any more detail.</p>				

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) NUC_TOP_VAR
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: The VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

Several commenters (5) expressed concern with the VSL assignments (i.e. a Severe VSL should be split into High and Severe). In most cases, the change was not in accordance with FERC’s and NERC’s guidelines, and no changes were made.

Several commenters (4) did not support a Severe VSL as the assignment for a binary VSL. They were referred to FERC Guideline 2a, which requires all binary VSLs to be assigned as Severe. Other comments included: preferences for the balloted language; issues with the use of percentages; and suggested wording changes. When suggested changes added clarity, they were accepted and incorporated into the VSLs.

One commenter suggested adding the phrase, “in its area” to the Severe VSL for R1 in TOP-001-1, R1 to be consistent with the High VSL and this suggestion was adopted.

TOP-001-1 R1	N/A	N/A	The Transmission Operator has no clear decision-making authority to ensure reliability in its area.	The Transmission Operator failed to exercise specific authority to alleviate operating emergencies <u>in its area</u> .
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One commenter noted that the Severe VSL for R1 in TOP-003-1 includes language that expands on the requirement, and the team deleted the extraneous language.

TOP-003-1 R1	The responsible entity failed to provide the information by 1200 Central Standard Time for the Eastern Interconnection and 1200 Pacific Standard Time for the Western Interconnection.	N/A	N/A	The Generator Operator failed to provide outage information, in accordance with its Transmission Operators established outage reporting requirements, to its Transmission Operator for scheduled generator outages planned for the next day (any foreseen outage of a generator greater than 50 MW). OR The Transmission Operator failed to provide outage information <u>in accordance with its Reliability</u>
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				<p>Coordinators established outage reporting requirement, to its Reliability Coordinator, and to affected Balancing Authorities and Transmission Operators for scheduled generator and bulk transmission outages planned for the next day (any foreseen outage of a transmission line or transformer greater than 100 kV or generator greater than 50 MW) that may collectively cause or contribute to an SOL or IROL violation or a regional operating area limitation.</p>
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One commenter noted that the VSLs for R2 in TOP-005-2 were missing the phrase "...with immediate responsibility for operational reliability..." and the team added this phrase to all the VSLs for R2. In addition, the team rephrased all VSLs to be more consistent with other VSLs using percentages.

TOP-005-2 R2	The responsible entity failed to provide at least 95% or less, but not 100%, of the data requested by other Balancing Authorities or Transmission Operators <u>with immediate responsibility for operational reliability.</u>	The responsible entity failed to provide more than 5% up to (and including) 10% provided at least 90%, but not more than 95% of the data requested by other Balancing Authorities or Transmission Operators <u>with immediate responsibility for operational reliability.</u>	The responsible entity failed to provide more than 10% up to (and including) 15% provided at least 85%, but not more than 90% of the data requested by other Balancing Authorities or Transmission Operators <u>with immediate responsibility for operational reliability.</u>	The responsible entity failed to provide more than 15% provided less than 85% of the data requested by other Balancing Authorities or Transmission Operators <u>with immediate responsibility for operational reliability.</u>
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- One commenter suggested changing “and” to “nor” in the Severe VSL for R4 in TOP-006-2, and this suggestion was adopted.

TOP-006-2 R4	N/A	N/A	The responsible entity has either weather forecasts or past load patterns, available to predict the system’s near-	The responsible entity has neither weather forecasts and nor past load patterns, available to predict the system’s near-term load pattern.
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			term load pattern, but not both.	
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If you feel that the drafting team overlooked your comments, please let us know immediately. Our goal is to give every comment serious consideration in this process. If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at herb.schrayshuen@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

Voter	Entity	Segment	Vote	Comment
Kirit S. Shah	Ameren Services	1	Negative	For TOP-002, R17 the Severe VSL should be splint into High and Severe. The High should be for delayaed communication and Severe should be for NO communication.
Response: Thank you for your comment. The delay you refer to is an intentional delay, and the VSL DT feels that an intentional time delay is just as severe as no communication. No change made.				
Paul B. Johnson	American Electric Power	1	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				
John Tolo	Tucson Electric Power Co.	1	Negative	VAR-001-1 R2,3,4,5 - Preferred Balloted language which lends to an easier measure of compliance.
Response: Thank you for your comment. The proposed changes to the VSLs for R2 and R3 account for NERC's drafting team VSL guidelines' recommendations to describe the noncompliant performance rather than the compliant performance and to use 5% increments when percentages are used. R4 was modified because the balloted language violated FERC Guideline 2b (no ambiguous language). The proposed language for R5 only includes minor changes for language consistency. No changes made.				
Gregory Van Pelt	California ISO	2	Negative	TOP-005 R2 VSLs should include reference to the Transmission operator or Balancing Authority "...with immediate responsibility for operational reliability..."
Response: Thank you for your comment. Change made for consistency with the language in the requirement.				
Jason L Marshall	Midwest ISO, Inc.	2	Negative	We disagree with the VSL for TOP-002-2a R17. The second half of the VSL is based on the intention of the responsible entity. It should be simply based on the failure to communicate. Intention should not be written into the VSLs but should be used in enforcement.

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

Voter	Entity	Segment	Vote	Comment
<p>Response: Thank you for your comment. "Intentional time delay" is cited in the requirement language, and the VSLs were written to be consistent with that language. No change made.</p>				
Raj Rana	American Electric Power	3	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as "Severe." No change made.</p>				
David A. Lapinski	Consumers Energy	3	Negative	TOP-002-2a, R3 (Coordination of Daily, Next Day and Seasonal Operations) - Failure to coordinate current and next day operations should not be "severe". Failure to have a process in place for coordination of operations or failure of multiple days should be considered severe. If a Scheduled Outage Review misses one day because of a SCADA or other system failure, we do not believe it would warrant a "severe" penalty.
<p>Response: Thank you for your comment. The majority of industry stakeholders support the proposed changes as written. No change made.</p>				
Henry Ernst-Jr	Duke Energy Carolina	3	Negative	<p>a. NUC-001-2, R7 - Move the Moderate VSL to Lower because it deals with proposed changes that may have an impact. The Severe VSL should be moved to High because it deals with actual changes which may have an impact. A new Severe VSL should be created which addresses actual changes that have a known impact.</p> <p>b. TOP-001-1, R1 - Add the phrase "in its area" to the end of the Severe VSL, to be consistent with the High VSL.</p> <p>c. TOP-002-2a, R11 - We believe that the Moderate and High VSLs are backwards and should be switched.</p> <p>d. TOP-003-1, R1 - R1 doesn't require the Reliability Coordinator to establish outage reporting requirements, so this language should not be part of the Severe VSL.</p> <p>e. TOP-005-1.1, R1, R1.1, R3 and R4 - We believe it makes more sense to state the compliance percentages as 95 - 100%, etc.</p> <p>f. TOP-005-2, R3 - Change percentages to be like those for R2, i.e. 95 - 100%, etc.</p> <p>g. TOP-006-1, R2 - Change percentages to be 95 - 100%, etc.</p>

Voter	Entity	Segment	Vote	Comment
				<p>h. TOP-006-2</p> <ul style="list-style-type: none"> • R1 - From the old R1, add the phrase “even though said information was reported by the Generator Operator, Transmission Operator, or Balancing Authority” to the end of the last paragraph of the Severe VSL. • R2 - We prefer the prior language as being more clear and enforceable, but if the VSLs must be stated as percentages, it would be better to state them as 95 - 100%, etc. • R3 - This should be a binary VSL, but if it must be graduated, it would be better to state the percentages as 95-100%, etc. • R4 - Change “and” to “nor”, to align with “neither”. <p>i. VAR-001-1, R3.1 and R3.2 - Using percentages creates a disproportionate impact on TOPS with a small number of generators. The VSLs should be combined and stated at the R3 level. There should be no Lower or Moderate VSL. The High VSL is “made a list but either left a generator off the list OR failed to notify a generator”. The Severe VSL is “didn’t make a list AND failed to notify all generators”.</p>
<p>Response: Thank you for your comment.</p> <p>a. To introduce a known impact would expand upon the language in the requirement and thus violate FERC Guideline 3. No change made.</p> <p>b. Change made.</p> <p>c. The VSL DT thinks the VSLs as written are appropriately assigned. No change made.</p> <p>d. Change made for consistency with the language in the requirement.</p> <p>e. NERC’s drafting team VSL guidelines recommend that the VSLs refer to the noncompliant performance rather than the compliant performance. No change made.</p> <p>f. NERC’s drafting team VSL guidelines recommend that the VSLs refer to the noncompliant performance rather than the compliant performance. No change made.</p> <p>g. NERC’s drafting team VSL guidelines recommend that the VSLs refer to the noncompliant performance rather than the compliant performance. No change made.</p> <p>h. R1: The previously balloted VSLs were simply rolled up for the proposed changes, and as written they are consistent with the language in the requirement. No change made. R2: NERC’s drafting team VSL guidelines recommend that the VSLs refer to the noncompliant performance rather than the compliant performance. No change made. R3: NERC’s drafting team VSL guidelines recommend that the VSLs refer to the noncompliant performance rather than the compliant performance. No change made. R4: Change made.</p> <p>i. The majority of the industry supports using percentages for this requirement. No change made.</p>				
David Frank Ronk	Consumers Energy	4	Negative	TOP-002-2a, R3 (Coordination of Daily, Next Day and Seasonal Operations) - Failure to coordinate current and next day operations should not be "severe". Failure to have a process in place for coordination of operations or failure of multiple days should be considered severe. SC&M presently exceeds this standard by coordinating Seasonal, 2-weeks, 1-week, 2-day, 1-day and present day operations. However, if the Scheduled Outage Review misses one day because of a SCADA or other system

Voter	Entity	Segment	Vote	Comment
				failure, I do not believe it would warrant a "severe" penalty.
Response: Thank you for your comment. The majority of industry stakeholders support the proposed changes as written. No change made.				
Brock Ondayko	AEP Service Corp.	5	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				
Sam Dwyer	Amerenue	5	Negative	For TOP-002, R17 the Severe VSL should be splint into High and Severe. The High should be for delayaed communication and Severe should be for NO communication.
Response: Thank you for your comment. The delay you refer to is an intentional delay, and the VSL DT feels that an intentional time delay is just as severe as no communication. No change made.				
Daniel Duff	Liberty Electric Power LLC	5	Negative	Using % of data provided to determine VSLs discriminates against small entities.
Response: Thank you for your comment. The majority of the industry supports using percentages rather than discrete for this requirement. No change made.				
Edward P. Cox	AEP Marketing	6	Negative	Comments: AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				
Michelle DAntuono	Occidental Chemical	5	Abstain	TOP-006-2, R1.1 only has a "Severe" VSL. This doesn't seem appropriate.
Response: Thank you for your comment. The VSs for R1.1 have been rolled up into the VSLs for the main requirement.				

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) BAL_INT
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: The VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

Many commenters (6) were concerned with the VSLs for BAL-002-0 R4 and R5, pointing out that the VSLs' similarities with R3 created a double jeopardy situation, and that the use of a percentage gradation in this case effectively rewarded entities with more reportable events. The VSL DT modified the VSLs for R3 to avoid the double jeopardy scenario, and it modified the VSLs for R4 and R5 to use discrete number gradation so that entities are not rewarded having more reportable events.

BAL-002-0 R3	The Balancing Authority or Reserve Sharing Group's Average Percent Recovery per the NERC DCS quarterly report was less than 100% but greater than or equal to 95%. <u>failed to review its probable contingencies to determine its prospective most severe single contingencies annually as specified in R3.1.</u>	The Balancing Authority or Reserve Sharing Group's Average Percent Recovery per the NERC DCS quarterly report was less than 95% but greater than or equal to 90%. <u>N/A</u>	The Balancing Authority or Reserve Sharing Group's Average Percent Recovery per the NERC DCS quarterly report was less than 90% but greater than or equal to 85%. <u>N/A</u>	The Balancing Authority or Reserve Sharing Group's Average Percent Recovery per the NERC DCS quarterly report was less than 85%. <u>failed to carry at least enough Contingency Reserve to cover the most severe single contingency as specified in R3.1.</u>
BAL-002-0 R4	The Balancing Authority or Reserve Sharing Group failed to meet the DCS requirement for 5% or less of one Reportable Disturbances.	The Balancing Authority or Reserve Sharing Group failed to meet the DCS requirements for more than 5% up to (and including) 10% of two Reportable Disturbances.	The Balancing Authority or Reserve Sharing Group failed to meet the DCS requirements for more than 10% up to (and including) 15% of three Reportable Disturbances.	The Balancing Authority or Reserve Sharing Group failed to meet the DCS requirements for four or more than 15% of Reportable Disturbances.
BAL-002-0 R5	The Reserve Sharing Group failed to meet the DCS requirement for 5% or less of one Reportable Disturbances.	The Reserve Sharing Group failed to meet the DCS requirements for more than 5% up to (and including) 10% of two Reportable Disturbances.	The Reserve Sharing Group failed to meet the DCS requirements for more than 10% up to (and including) 15% of three Reportable Disturbances.	The Reserve Sharing Group failed to meet the DCS requirements for four or more than 15% of Reportable Disturbances.

One commenter proposed shifting the VSLs for BAL-003 R6 and this was adopted.

BAL-003-0.1b R6	N/A	The Balancing Authority providing Overlap Regulation Service increased its	The Balancing Authority providing Overlap Regulation Service increased its	The Balancing Authority providing Overlap Regulation Service failed to increase its
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		Frequency Bias Setting but not enough to match the response of the entire area being controlled. N/A	Frequency Bias Setting but not enough to match the response of the entire area being controlled. N/A	Frequency Bias Setting at all, when required to match the frequency response of the entire area being controlled. OR The Balancing Authority providing Supplemental Regulation Service changed its Frequency Bias Setting, when performing Supplemental Regulation Service.
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One commenter suggested that the VSL for BAL-004 R3 should not be binary and a High and a Severe gradation is now provided.

BAL-004-0 R3	N/A	N/A	The Balancing Authority participated in the Time Error Correction when requested, but did not use one of the methods defined in R3.1 or R3.2. N/A	The Balancing Authority failed to participate in the Time Error Correction when requested. OR The Balancing Authority participated in the Time Error Correction when requested, but did not use one of the methods defined in R3.1 or R3.2.
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Many commenters (7) had an issue with the gradation by seconds in the VSLs for BAL-005. The VSL DT supports the use of the gradation, but modified the language to make it clearer.

BAL-005-0.1b R8	The Balancing Authority did not acquire data for and calculate ACE at least every 6 seconds, but did acquire data for and calculate ACE at least every 8 seconds. OR The Balancing Authority failed	The Balancing Authority did not acquire data for and calculate ACE at least every 6 8 seconds, but did acquire data for and calculate ACE at least every 10 seconds.	The Balancing Authority did not acquire data for and calculate ACE at least every 6 10 seconds, but did acquire data for and calculate ACE at least every 12 seconds	The Balancing Authority did not acquire data for and calculate ACE at least every 12 <u>or more</u> seconds.
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	to provide redundant and independent frequency metering equipment that automatically activated upon detection of failure, such that the minimum availability was less than 99.95%, as specified in R8.1.			
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One commenter indicated that the language in INT-001-3, R2 - Severe VSL wording should be “either R2.1 or R2.2” and this change was adopted.

INT-001-3 R2	N/A	N/A	N/A	The Sink Balancing Authority failed to ensure that Arranged Interchange was submitted to the Interchange Authority as required by R2.1 and-or R2.2.
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One commenter indicated that INT-008-3, R1 - Moderate VSL should state “R1.1.1 and R1.1.2” instead of “R1.1.1 or R1.1.2” and this change was adopted.

INT-008-3 R1	The Interchange Authority distributed to all Balancing Authorities (including Balancing Authorities on both sides of a direct current tie), Transmission Service Providers and Purchasing-Selling Entities involved in the Arranged Interchange whether or not the Arranged Interchange has transitioned to a Confirmed Interchange, but did not include one of the elements required in sub-requirements R.1.1.1 or R.1.1.2 for a Confirmed Interchange.	The Interchange Authority distributed to all Balancing Authorities (including Balancing Authorities on both sides of a direct current tie), Transmission Service Providers and Purchasing-Selling Entities involved in the Arranged Interchange whether or not the Arranged Interchange has transitioned to a Confirmed Interchange, but did not include two of the elements required in sub-requirements R.1.1.1 or-and R.1.1.2 for a Confirmed Interchange. OR	The Interchange Authority distributed <u>whether</u> or not the Arranged Interchange has transitioned to a Confirmed Interchange but did not distribute to two of the Balancing Authorities (including Balancing Authorities on both sides of a direct current tie), Transmission Service Providers, or Purchasing-Selling Entities involved in the Arranged Interchange prior to the expiration of the time period defined in the Timing Table, Column C.	The Interchange Authority distributed whether or not the Arranged Interchange has transitioned to a Confirmed Interchange, but did not distribute to three or more of the Balancing Authorities (including Balancing Authorities on both sides of a direct current tie), Transmission Service Providers, or Purchasing-Selling Entities involved in the Arranged Interchange prior to the expiration of the time period defined in the Timing Table, Column C. OR
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		The Interchange Authority distributed whether or not the Arranged Interchange has transitioned to a Confirmed Interchange but did not distribute to one of the Balancing Authorities (including Balancing Authorities on both sides of a direct current tie), Transmission Service Providers, or Purchasing-Selling Entities involved in the Arranged Interchange, prior to the expiration of the time period defined in the Timing Table, Column C.		The Interchange Authority did not distribute whether or not the Arranged Interchange has transitioned to a Confirmed Interchange
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Several commenters (4) did not support a Severe VSL as the assignment for a binary VSL. They were referred to FERC Guideline 2a, which requires all binary VSLs to be assigned as Severe. Other comments included: a problem with VSL assignments; suggested wording changes; and concern about the use of percentage gradation for certain VSLs. When the suggested changes added clarity, they were accepted and incorporated into the VSLs. In many cases, the suggestions represented a violation of FERC's or NERC's guidelines for VSLs, and no changes were made.

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

Voter	Entity	Segment	Vote	Comment
Kirit S. Shah	Ameren Services	1	Negative	For BAL-005, R8 the VSL should be about percent of time not calculated in six seconds and not in 8, 10, or 12 seconds.
Response: Thank you for your comment. The VSL DT cannot determine a clear way to calculate percentage of noncompliance with this requirement. In order to calculate percentages, we would have to determine duration of noncompliance, which would expand upon the requirement and violate FERC Guideline 3. No change made.				
Paul B. Johnson	American Electric Power	1	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

Voter	Entity	Segment	Vote	Comment
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Donald S. Watkins	Bonneville Power Administration	1	Negative	BAL 1 and 2 seem appropriate, however, BPA believes that the rest have many additions to the VSL's that previously were not there and many of the "Lower" levels have been changed to "Severe" with no apparent reliability related reason.
<p>Response: Thank you for your comment. We are not sure which VSLs you are referencing; we cannot locate "many" VSLs that have had Lower assignments moved to Severe assignments, with the exception of a few INT requirements in which sub-requirement VSLs were rolled up into the main requirement VSL. No change made.</p>				
Robert Martinko	FirstEnergy Energy Delivery	1	Negative	BAL-005-0.1b, R8 - The VSL should be reworded since, for example, if an entity did not acquire data until 9 seconds had elapsed, it could be considered both a MODERATE and HIGH violation. We suggest the following for MODERATE, HIGH, and SEVERE: MODERATE: The Balancing Authority did not acquire data for and calculate ACE until 9 or 10 seconds had elapsed. HIGH: The Balancing Authority did not acquire data for and calculate ACE until 11 or 12 seconds had elapsed. SEVERE: The Balancing Authority did not acquire data for and calculate ACE until more than 12 seconds had elapsed.
<p>Response: Thank you for your comment. The VSLs have been modified to remedy the issue you raise.</p>				
Ronald D. Schellberg	Idaho Power Company	1	Negative	The VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to

Voter	Entity	Segment	Vote	Comment
				<p>meet the DCS requirements two times could be assessed a Moderate VSL. A second issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and they would only be assessed a Moderate VSL. A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4. The same problems exists for the VSLs for Requirement 5, with the only difference being that Requirement 4 is applicable to Balancing Authorities and Requirement 5 is applicable to Reserve Sharing Groups. The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4. The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4. We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.</p>
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				
Michelle Rheault	Manitoba Hydro	1	Negative	For BAL-002-0 R2 the vagueness of 1, 2 or more violations determine which VSL was violated is acceptable because R2 is only about “specifying” minimum,

Voter	Entity	Segment	Vote	Comment
				<p>allocation, mix, limitations, methods for joint and procedures for reserves requirements.</p> <p>For BAL-004-0 R3 the new violation windows are more stringent and all about participating in Time Error Corrections. With the removal of VSLs for R3.1, violations about starting Time Error Corrections late or ending them early are no longer addressed along with wrong frequency entries. If the modified VSL's in R3 "failure to participate" include starting and ending Time Error Corrections and wrong frequencies, then these VSL's should be clarified.</p> <p>For BAL-006-1.1 R5 this requirement is about rectifying accounting errors after the fact. This has minimum effect on the reliability of the BES. The two VSL's should be Lower and Moderate, not moderate and severe.</p>
<p>Response: Thank you for your comment.</p> <p>You appear to be agreeing with the VSLs for BAL-002-0 R2. Thank you.</p> <p>For BAL-004-0 R3 the VSLs are focused on Time Error Corrections because the main requirement is focused on Time Error Corrections. No change was made in that respect, but we have moved the second half of the Severe VSL to a High assignment.</p> <p>The VSLs must address the degree to which noncompliant performance has occurred, and for any requirement, there is some violation that would result in totally or mostly missing the reliability intent of the requirement. Thus, the VSLs for any requirement must include at least a Severe VSL. The importance of a requirement – and its impact on the reliability of the BES – is handled by the Violation Risk Factor assignment. No change made.</p>				
Pawel Krupa	Seattle City Light	1	Negative	<p>The VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate</p>

Voter	Entity	Segment	Vote	Comment
				<p>VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to meet the DCS requirements two times could be assessed a Moderate VSL.</p> <p>A second issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and they would only be assessed a Moderate VSL.</p> <p>A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4.</p> <p>The same problems exists for the VSLs for Requirement 5, with the only difference being that Requirement 4 is applicable to Balancing Authorities and Requirement 5 is applicable to Reserve Sharing Groups.</p> <p>The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4.</p> <p>The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4.</p> <p>We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery</p>

Voter	Entity	Segment	Vote	Comment
				<p>Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.</p>
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				
John Tolo	Tucson Electric Power Co.	1	Negative	<p>BAL-002 R4 The VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to meet the DCS requirements two times could be assessed a Moderate VSL. A second issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and they would only be assessed a Moderate VSL. A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for</p>

Voter	Entity	Segment	Vote	Comment
				<p>that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4. The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4. The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4. BAL-002 R5 - We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.</p>
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				
Gregory Van Pelt	California ISO	2	Negative	Current VSLs inappropriately reward system with more Disturbances to average Disturbance Control Standard Performance
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				
Jason L Marshall	Midwest ISO, Inc.	2	Negative	<p>We continue to disagree with many of the VSLs as they are written. We agree with the comments submitted by the Standards Review Committee (SRC) of the ISO/RTO Council during the last comment period that ended on September 16, 2010. In particular, we believe the VSLs for BAL-002 R2 and R4 were modified from 10% gradations to 5% gradations without any explanation. In response to the comments from the SRC, the NERC VSL guidelines were cited as one reason for the change. Ironically, the NERC Violation Severity Levels Guidelines Criteria uses multiple gradations including quartiles or 25% gradations. Thus, NERC guidelines actually appear to support the SRC comments on the BAL-002 R2 and R4 VSLs.</p> <p>We also agree with the SRC comments that the proposed VSLs for INT-001-3 R1,</p>

Voter	Entity	Segment	Vote	Comment
				INT-001-3 R2, INT-005-3 R1, INT-006-3, INT-007-1 R1, and INT-008-3 R1 all violate FERC guideline three because they fundamentally alter that associated requirement. Because the VSLs do not look at the interchange schedules in aggregate, in essence, they redefine the definitions of Arranged Interchange and Interchange from multiple to single transfers of energy. Furthermore, for the VSLs in INT-001-3 R1 to be accurate and consistent with the requirement, "each" would have to be substituted for "all" in the sub-requirement R1.1
<p>Response: Thank you for your comment. The comments submitted during the last comment period that ended on September 16, 2010 were addressed in that period's consideration of comment form.</p> <p>With respect to the comment about percentage gradation, the NERC VSL guidelines for drafting teams (available here: http://www.nerc.com/files/VSL_Guidelines_20090817.pdf) recommends the use of 5% increments unless different increments can be justified. The reference to the use of quartiles refers to a prior version of a VSL guideline document that is no longer in use. That said, BAL-002-0 R2 used discrete numbers, not percentages, and BAL-002-0 R4 has been modified to use discrete numbers as well.</p> <p>With respect to the INT VSLs, the VSL DT believes the VSLs as written adhere to FERC Guideline 3 and that the binary assignment is necessary to adhere to FERC Guideline 4. No change made.</p>				
Raj Rana	American Electric Power	3	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Henry Ernst-Jr	Duke Energy Carolina	3	Negative	<p>a. BAL-003-0.1b, R6 - We agree with the wording changes, but they should be Moderate and High, instead of High and Severe.</p> <p>b. BAL-004-0, R3 - We believe the previous version is better.</p> <p>c. BAL-005-0.1b</p> <ul style="list-style-type: none"> o R1 - We prefer that the percentages be stated as 95-100, 90-95, 85-90, less than 85. o R8 - The Severe VSL should remain as it is. It is a binary requirement. Graduated VSLs for 8, 10 or 12 seconds are not supported by the requirement. The Lower VSL language after the "OR" is okay. o R12 - This should remain a binary VSL, because ACE depends upon having all the Tie Line flows. o R14 - This should remain a binary VSL, because ACE, interconnection frequency

Voter	Entity	Segment	Vote	Comment
				<p>and Net Actual Interchange are interrelated.</p> <p>d. BAL-006-1.1</p> <ul style="list-style-type: none"> o R2 - These VSLs were correct the way they were. Graduating based upon percentages doesn't work here. o R4 - These VSLs are not in the right order. The High VSL should be Lower. The Lower should be Moderate, and the Moderate should be high. Severe is correct as it is. o R5 - Moderate VSL should be Lower, because the whole premise of the violation is that the entities couldn't agree. They may not be able to agree on a process for correcting the discrepancy. <p>e. INT-001-3, R2 - Severe VSL wording should be "either R2.1 or R2.2".</p> <p>f. INT-008-3, R1 - Moderate VSL should state "R1.1.1 and R1.1.2" instead of "R1.1.1 or R1.1.2". In the Severe VSL delete the paragraph after the "OR" because it is meaningless.</p>
<p>Response: Thank you for your comment.</p> <ul style="list-style-type: none"> a. Change made to move the High to Moderate, but the Severe was not changed as this does accurately describe performance that is mostly or totally noncompliant. b. We revised the VSL so that it is no longer binary. A High and a Severe gradation is now provided. c. R1: NERC's drafting team VSL guidelines recommend that the VSLs describe the noncompliant performance rather than the compliant performance. No change made. R8: NERC's guidelines and the industry prefer the use of gradated rather than binary VSLs whenever possible. The VSL DT believes the VSLs are appropriately gradated. No change made. R12: NERC's guidelines and the industry prefer the use of gradated rather than binary VSLs whenever possible. The VSL DT believes the VSLs are appropriately gradated. No change made. R14: NERC's guidelines and the industry prefer the use of gradated rather than binary VSLs whenever possible. The VSL DT believes the VSLs are appropriately gradated. No change made. d. R2: NERC's guidelines and the industry prefer the use of gradated rather than binary VSLs whenever possible. The VSL DT believes these VSLs are appropriately gradated. No change made. R4: The VSL DT and the majority of industry stakeholders support the VSLs as written. No change made. R5: The VSL DT and the majority of industry stakeholders support the VSLs as written. No change made. e. Change made. f. The Moderate VSL was modified for clarity per your suggestions. The VSL DT believes that the second paragraph of the Severe VSL is necessary and it was not deleted. 				
Kevin Query	FirstEnergy Solutions	3	Negative	BAL-005-0.1b, R8 - The VSL should be reworded since, for example, if an entity did not acquire data until 9 seconds had elapsed, it could be considered both a MODERATE and HIGH violation. We suggest the following for MODERATE, HIGH, and SEVERE: MODERATE: The Balancing Authority did not acquire data for and calculate ACE until 9 or 10 seconds had elapsed. HIGH: The Balancing Authority did not acquire data for and calculate ACE until 11 or 12 seconds had elapsed. SEVERE:

Voter	Entity	Segment	Vote	Comment
				The Balancing Authority did not acquire data for and calculate ACE until more than 12 seconds had elapsed.
Response: Thank you for your comment. The VSLs have been modified to remedy the issue you raise.				
Greg C. Parent	Manitoba Hydro	3	Negative	<p>For BAL-002-0 R2 the vagueness of 1, 2 or more violations determine which VSL was violated is acceptable because R2 is only about “specifying” minimum, allocation, mix, limitations, methods for joint and procedures for reserves requirements.</p> <p>For BAL-004-0 R3 the new violation windows are more stringent and all about participating in Time Error Corrections. With the removal of VSLs for R3.1, violations about starting Time Error Corrections late or ending them early are no longer addressed along with wrong frequency entries. If the modified VSL’s in R3 “failure to participate” include starting and ending Time Error Corrections and wrong frequencies, then these VSL’s should be clarified.</p> <p>For BAL-006-1.1 R5 this requirement is about rectifying accounting errors after the fact. This has minimum effect on the reliability of the BES. The two VSL’s should be Lower and Moderate, not moderate and severe.</p>
<p>Response: Thank you for your comment.</p> <p>You appear to be agreeing with the VSLs for BAL-002-0 R2. Thank you.</p> <p>The VSLs are focused on Time Error Corrections because the main requirement is focused on Time Error Corrections. No change was made in that respect, but we have moved the second half of the Severe VSL to a High assignment.</p> <p>The VSLs must address the degree to which noncompliant performance has occurred, and for any requirement, there is some violation that would result in totally or mostly missing the reliability intent of the requirement. Thus, the VSLs for any requirement must include at least a Severe VSL. The importance of a requirement – and its impact of the reliability of the BES – is handled by the Violation Risk Factor assignment. No change made.</p>				
Dana Wheelock	Seattle City Light	3	Negative	The VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS

Voter	Entity	Segment	Vote	Comment
				<p>requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to meet the DCS requirements two times could be assessed a Moderate VSL. A second issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and they would only be assessed a Moderate VSL. A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4. The same problems exists for the VSLs for Requirement 5, with the only difference being that Requirement 4 is applicable to Balancing Authorities and Requirement 5 is applicable to Reserve Sharing Groups. The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4. The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4. We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the</p>

Voter	Entity	Segment	Vote	Comment
				language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				
Douglas Hohlbaugh	Ohio Edison Company	4	Negative	BAL-005-0.1b, R8 - The VSL should be reworded since, for example, if an entity did not acquire data until 9 seconds had elapsed, it could be considered both a MODERATE and HIGH violation. We suggest the following for MODERATE, HIGH, and SEVERE: MODERATE: The Balancing Authority did not acquire data for and calculate ACE until 9 or 10 seconds had elapsed. HIGH: The Balancing Authority did not acquire data for and calculate ACE until 11 or 12 seconds had elapsed. SEVERE: The Balancing Authority did not acquire data for and calculate ACE until more than 12 seconds had elapsed.
<p>Response: Thank you for your comment. The VSLs have been modified to remedy the issue you raise.</p>				
Hao Li	Seattle City Light	4	Negative	The VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to meet the DCS requirements two times could be assessed a Moderate VSL. A second

Voter	Entity	Segment	Vote	Comment
				<p>issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and they would only be assessed a Moderate VSL. A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4. The same problems exists for the VSLs for Requirement 5, with the only difference being that Requirement 4 is applicable to Balancing Authorities and Requirement 5 is applicable to Reserve Sharing Groups. The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4. The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4. We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.</p>
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for "double jeopardy" situations.</p>				
Brock Ondayko	AEP Service Corp.	5	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.

Voter	Entity	Segment	Vote	Comment
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Francis J. Halpin	Bonneville Power Administration	5	Negative	<p>BAL 1 and 2 seem appropriate, however, BPA believes that the rest have many additions to the VSL's that previously were not there and many of the "Lower" levels have been changed to "Severe" with no apparent reliability related reason.</p> <p>BPA is in support of all the INT VSLs except for INT-001-3, R1. BPA requests that the drafting team explain their thought process on how it meets the technical components requested by FERC in the August 11, 2009, order by going directly to a severe VSL for INT-001-3, R1?</p>
<p>Response: Thank you for your comment. We are not sure which VSLs you are referencing; we cannot locate "many" VSLs that have had Lower assignments moved to Severe assignments, with the exception of a few INT requirements in which sub-requirement VSLs were rolled up into the main requirement VSL. INT-001-3 was modified because the balloted language violated FERC's Guideline 4, which requires that a VSL be based on a single violation. The VSL DT cannot determine a way to modify the VSLs according to your suggestion without violating Guideline 4. No change made.</p>				
James B Lewis	Consumers Energy	5	Negative	<p>"TOP-002-2a, R3 (Coordination of Daily, Next Day and Seasonal Operations) - Failure to coordinate current and next day operations should not be "severe". Failure to have a process in place for coordination of operations or failure of multiple days should be considered severe. SC&M presently exceeds this standard by coordinating Seasonal, 2-weeks, 1-week, 2-day, 1-day and present day operations. However, if the Scheduled Outage Review misses one day because of a SCADA or other system failure, We do not believe it should warrant a "severe" penalty."</p>
<p>Response: Thank you for your comment. We addressed it in the TOP section.</p>				
Daniel Duff	Liberty Electric Power LLC	5	Negative	<p>Using % of assets not in compliance discriminates against small entities.</p>
<p>Response: Thank you for your comment. In many cases, the use of percentages is appropriate. Without more information about what you are referencing, we cannot respond in any more detail.</p>				
S N Fernando	Manitoba Hydro	5	Negative	<p>For BAL-002-0 R2 the vagueness of 1, 2 or more violations determine which VSL was violated is acceptable because R2 is only about "specifying" minimum, allocation, mix, limitations, methods for joint and procedures for reserves requirements.</p> <p>For BAL-004-0 R3 the new violation windows are more stringent and all about</p>

Voter	Entity	Segment	Vote	Comment
				<p>participating in Time Error Corrections. With the removal of VSLs for R3.1, violations about starting Time Error Corrections late or ending them early are no longer addressed along with wrong frequency entries. If the modified VSL's in R3 "failure to participate" include starting and ending Time Error Corrections and wrong frequencies, then these VSL's should be clarified.</p> <p>For BAL-006-1.1 R5 this requirement is about rectifying accounting errors after the fact. This has minimum effect on the reliability of the BES. The two VSL's should be Lower and Moderate, not moderate and severe.</p>
<p>Response: Thank you for your comment.</p> <p>You appear to be agreeing with the VSLs for BAL-002-0 R2. Thank you.</p> <p>The VSLs are focused on Time Error Corrections because the main requirement is focused on Time Error Corrections. No change was made in that respect, but we have moved the second half of the Severe VSL to a High assignment.</p> <p>The VSLs must address the degree to which noncompliant performance has occurred, and for any requirement, there is some violation that would result in totally or mostly missing the reliability intent of the requirement. Thus, the VSLs for any requirement must include at least a Severe VSL. The importance of a requirement – and its impact of the reliability of the BES – is handled by the Violation Risk Factor assignment. No change made.</p>				
Michelle D'Antuono	Occidental Chemical	5	Negative	For INT-001, R1.1 there should be a way to maintain the lower level VSLs and still meet the FERC guideline. If not the requirement needs to be changed
<p>Response: Thank you for your comment. The VSLs for R1.1 has been rolled up into the VSL of the main requirement. Changing the actual requirement is outside the scope of this team.</p>				
Liam Noailles	Xcel Energy, Inc.	5	Negative	We are concerned that the VSLs for R3 & R4 of BAL-002 could create a "double jeopardy" situation. We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not.
<p>Response: Thank you for your comment. Per stakeholder feedback, both R3 and R4 have been modified to mitigate the potential for "double jeopardy" situations.</p>				

Voter	Entity	Segment	Vote	Comment
Edward P. Cox	AEP Marketing	6	Negative	Comments: AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				
Brenda S. Anderson	Bonneville Power Administration	6	Negative	BAL 1 and 2 seem appropriate, however, BPA believes that the rest have many additions to the VSL's that previously were not there and many of the "Lower" levels have been changed to "Severe" with no apparent reliability related reason. BPA is in support of all the INT VSLs except for INT-001-3, R1. BPA requests that the drafting team explain their thought process on how it meets the technical components requested by FERC in the August 11, 2009, order by going directly to a severe VSL for INT-001-3, R1?
Response: Thank you for your comment. We are not sure which VSLs you are referencing; we cannot locate "many" VSLs that have had Lower assignments moved to Severe assignments, with the exception of a few INT requirements in which sub-requirement VSLs were rolled up into the main requirement VSL. INT-001-3 was modified because the balloted language violated FERC's Guideline 4, which requires that a VSL be based on a single violation. The VSL DT cannot determine a way to modify the VSLs according to your suggestion without violating Guideline 4. No change made.				
Thomas E Washburn	Florida Municipal Power Pool	6	Negative	There should be VSLs in more levels similar to BAL-005 R12, for example BAL-005 R11 could be related to L10.
Response: Thank you for your comment. The VSL DT and the majority of industry stakeholders support the VSLs as written. L10 does not appear to be mentioned in BAL-005, so without a better explanation or a proposed solution, we are not sure how to address your comment. No change made.				
Daniel Prowse	Manitoba Hydro	6	Negative	For BAL-002-0 R2 the vagueness of 1, 2 or more violations determine which VSL was violated is acceptable because R2 is only about "specifying" minimum, allocation, mix, limitations, methods for joint and procedures for reserves requirements. For BAL-004-0 R3 the new violation windows are more stringent and all about participating in Time Error Corrections. With the removal of VSLs for R3.1, violations about starting Time Error Corrections late or ending them early are no longer addressed along with wrong frequency entries. If the modified VSL's in R3 "failure to participate" include starting and ending Time Error Corrections and wrong frequencies, then these VSL's should be clarified. For BAL-006-1.1 R5 this requirement is about rectifying accounting errors after the

Voter	Entity	Segment	Vote	Comment
				fact. This has minimum effect on the reliability of the BES. The two VSL's should be Lower and Moderate, not moderate and severe.
<p>Response: Thank you for your comment.</p> <p>You appear to be agreeing with the VSLs for BAL-002-0 R2. Thank you.</p> <p>The VSLs are focused on Time Error Corrections because the main requirement is focused on Time Error Corrections. No change was made in that respect, but we have moved the second half of the Severe VSL to a High assignment.</p> <p>The VSLs must address the degree to which noncompliant performance has occurred, and for any requirement, there is some violation that would result in totally or mostly missing the reliability intent of the requirement. Thus, the VSLs for any requirement must include at least a Severe VSL. The importance of a requirement – and its impact of the reliability of the BES – is handled by the Violation Risk Factor assignment. No change made.</p>				
Louise McCarren	Western Electricity Coordinating Council	10	Negative	We are casting a negative vote for the BAL_INT VSLs because the VSLs for BAL-002, R4 have the unintended consequence of rewarding an entity that has more reportable events during a quarter as compared to another entity with fewer Reportable Events. Because the VSLs for R4 are based on the percentage of Reportable Events that the responsible entity fails to meet the DCS requirement, the more Reportable Events a responsible entity has, the greater the denominator in the calculation becomes and their failure percentage decreases. Consider the example of an entity that had five Reportable Events and failed to meet the DCS requirements for one of these events. They would be assessed a Severe VSL because they failed to meet the DCS requirements for 20% of their Reportable Events. However, if a second responsible entity had 20 reportable events and failed to meet the DCS requirement for one of these events, they would be assessed a Lower VSL because they failed to meet the DCS requirement for 5% of their Reportable Events. Yet both entities failed to meet the DCS requirement for one Reportable Event. Further, if an entity had 20 Reportable Events and failed to meet the DCS requirement for two of these events they would be assessed a Moderate VSL because they failed to meet the DCS requirement for 10% of their events. The result is that a responsible entity that failed to meet the DCS requirements one time could be assessed a Severe VSL and a different responsible entity that failed to meet the DCS requirements two times could be assessed a Moderate VSL. A second issue is that the proposed VSLs fail to account for how badly an entity failed to meet the Disturbance Recovery Criterion. In the example above the entity that failed to meet the Disturbance Recovery Criterion one time may have only missed by 1% and they would be assessed a Severe VSL, yet the entity that failed to meet the Disturbance Recovery Criterion two times may have failed by 25% each time and

Voter	Entity	Segment	Vote	Comment
				<p>they would only be assessed a Moderate VSL. A third issue is that the responsible entity is being penalized twice for a single failure. If an entity fails to achieve 100% recovery for even one event during a reporting period, their Average Percent Recovery per the NERC DCS quarterly report will be less than 100% and they will be assessed the appropriate VSL from the VSLs for Requirement 3. The entity will have also failed to meet the Disturbance Recovery Criterion for that single event and this will factor into their failure percentage for the VSLs identified for Requirement 4. A failure to meet the Disturbance Recovery Criterion for a single event is going to be included in the calculation of the VSLs for Requirement 3 and Requirement 4. The same problems exists for the VSLs for Requirement 5, with the only difference being that Requirement 4 is applicable to Balancing Authorities and Requirement 5 is applicable to Reserve Sharing Groups. The first issue can be alleviated by basing the VSLs on the number of times during a reporting period the responsible entity fails to meet the Disturbance Recovery Criterion for Reportable Events rather than the Percentage. However, this solution does not address the concern that the responsible entity is still being penalized twice for the same failure, once by VSLs for Requirement 3 and once by the VSLs for Requirement 4. The second issue is accurately accounted for in the VSLs for Requirement 3, but the entity is still being penalized again by the VSLs for Requirement 4. We believe that the intent of the BAL-002 Standard, as originally drafted, was to require entities to carry a specified amount of contingency reserves (R3) and activate an adequate amount of those reserves to meet the Disturbance Recovery Criterion (R4). We believe that the language of the VSLs for Requirement 3 actually is a better fit for Requirement 4 (and Requirement 5 for the Reserve Sharing Groups), and that VSLs for Requirement 3 should be based solely on the failure to carry adequate Contingency Reserves at all times, regardless of whether there was actually a Reportable Event or not. We support the proposed revisions to the VSLs for BAL-002, R2.</p>
<p>Response: Thank you for your comment. To avoid rewarding an entity that has more reportable events during a quarter (as compared to another entity with fewer reportable events), the VSLs have been modified to use discrete number gradations rather than percentages. Additionally, R3 and R4 have been modified to mitigate the potential for “double jeopardy” situations.</p>				

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) FAC_MOD
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: The VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

One commenter recommended that the Severe VSL for FAC-010-2.1 R4 in the paragraph after the “OR,” be modified to change “four” to “one” for consistency with the other VSLs for this requirement and this change was adopted.

<p>FAC-010-2.1 R4</p>	<p>The Planning Authority failed to issue its SOL Methodology and/or one or more changes to that methodology to one of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p> <p>For a change in methodology, the changed methodology was not provided to one or more of the required entities before the effectiveness of the change, but was provided to all the required entities no more than 30 calendar days after the effectiveness of the change.</p>	<p>The Planning Authority failed to issue its SOL Methodology and/or one or more changes to that methodology to two of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p> <p>For a change in methodology, the changed methodology was provided to one or more of the required entities more than 30 calendar days after the effectiveness of the change, but less than or equal to 40 days after the effectiveness of the change.</p>	<p>The Planning Authority failed to issue its SOL Methodology and/or one or more changes to that methodology to three of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p> <p>For a change in methodology, the changed methodology was provided to one or more of required entities more than 40 calendar days after the effectiveness of the change, but less than or equal to 50 days after the effectiveness of the change.</p>	<p>The Planning Authority failed to issue its SOL Methodology and/or one or more changes to that methodology to four or more of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p> <p>For a change in methodology, the changed methodology was provided to four<u>one</u> or more of the required entities more than 50 calendar days after the effectiveness of the change.</p>
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One commenter recommended that the Severe VSL for FAC-011-2.1 R4 in the paragraph after the “OR”, be modified to change “four” to “one” for consistency with the other VSLs for this requirement and this change was adopted.

<p>FAC-011-2.1 R4</p>	<p>The Reliability Coordinator failed to issue its SOL Methodology and/or one or more changes to that methodology to one of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p>	<p>The Reliability Coordinator failed to issue its SOL Methodology and/or one or more changes to that methodology to two of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p>	<p>The Reliability Coordinator failed to issue its SOL Methodology and/or one or more changes to that methodology to three of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p>	<p>The Reliability Coordinator failed to issue its SOL Methodology and/or one or more changes to that methodology to four or more of the required entities specified in R4.1, R4.2, and R4.3.</p> <p>OR</p>
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	For a change in methodology, the changed methodology was not provided to one or more of the required entities before the effectiveness of the change, but was provided to all the required entities no more than 30 calendar days after the effectiveness of the change.	For a change in methodology, the changed methodology was provided to one or more of the required entities more than 30 calendar days after the effectiveness of the change, but less than or equal to 40 days after the effectiveness of the change.	For a change in methodology, the changed methodology was provided to one or more of required entities more than 40 calendar days after the effectiveness of the change, but less than or equal to 50 days after the effectiveness of the change.	For a change in methodology, the changed methodology was provided to four <u>one</u> or more of the required entities more than 50 calendar days after the effectiveness of the change.
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One commenter recommended that the first paragraph of the Severe VSL for FAC-011-2.1 R5 be reworded to be consistent with the Lower, Moderate and High, and this suggestion was adopted.

FAC-011-2.1 R5	The Reliability Coordinator received documented technical comments on its SOL Methodology and provided a complete response in a time period that was longer than 45 calendar days but less than 60 calendar days.	The Reliability Coordinator received documented technical comments on its SOL Methodology and provided a complete response in a time period that was 60 calendar days or longer but less than 70 calendar days.	The Reliability Coordinator received documented technical comments on its SOL Methodology and provided a complete response in a time period that was 70 calendar days or longer but less than 80 calendar days. OR The Reliability Coordinator's response to documented technical comments on its SOL Methodology indicated that a change will not be made, but did not include an explanation of why the change will not be made.	The Reliability Coordinator received documented technical comments on its SOL Methodology and failed to provide a complete response in less than 80 calendar days. OR The Reliability Coordinator's response to documented technical comments on its SOL Methodology did not indicate whether a change will be made to the SOL Methodology.
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Several commenters (4) pointed out inconsistencies between the VSL language and the requirement language in FAC-014, and the team modified the VSLs accordingly.

FAC-014-2	The responsible entity provided its SOLs to all	The responsible entity provided its SOLs to all the	The responsible entity provided its SOLs to all the	The responsible entity failed to provide its SOLs to all the
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R5	entities that have a reliability related need and any that provided a written request but missed meeting one or more of the schedules by less than 15 calendar days. (R5.1 through R5.4)	required entities that have a reliability related need and any that provided a written request but missed meeting one or more of the schedules for 15 or more but less than 25 calendar days. (R5.1 through R5.4) OR The supporting information provided with the IROLs does not address 5.1.4	required entities that have a reliability related need and any that provided a written request but missed meeting one or more of the schedules for 25 or more but less than 35 calendar days. (R5.1 through R5.4) OR The supporting information provided with the IROLs does not address 5.1.3	required entities indicate have a reliability related need and any that provided a written request within 35 calendar days of the associated schedules. (R5.1 through R5.4) OR The supporting information provided with the IROLs does not address 5.1.1 and 5.1.2.
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Other comments included: a preference for the balloted language over the proposed changes; concern with discrimination against smaller entities; disagreement with the use of percentages and levels of gradation; concern with emphasis on meeting schedules; concern with a slant toward Severe assignments; and suggested wording changes. When suggested changes added clarity, they were accepted and incorporated into the VSLs. In many cases, the suggestions represented a violation of FERC's or NERC's guidelines for VSLs, and no changes were made.

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

Voter	Entity	Segment	Vote	Comment
Horace Stephen Williamson	Southern Company Services, Inc.	1	Negative	The VSL for R5 of FAC-014 is inconsistent with the requirement. The proposed VSL states "The responsible entity provided its SOLs to all entities that have a reliability related need and any that provided a written request but missed meeting". Requirement R5 says that SOL's are given only to those entities that have a reliability related need AND provide a written request. The proposed VSL implies you must give the SOL's to any entity with a reliability-related need even if he didn't provide a written request. It also implies that you must give to any that provide a written request regardless of whether that entity has a reliability-related need or not. This VSL must be changed to be consistent with the requirement before it is approved.
Response: Thank you. The VSLs have been modified per your comment.				

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

Voter	Entity	Segment	Vote	Comment
Gregory Van Pelt	California ISO	2	Negative	Excessive emphasis on meeting schedules.
<p>Response: Thank you for your comment. Because no specific requirements were cited, no changes were made.</p>				
Jason L Marshall	Midwest ISO, Inc.	2	Negative	<p>For FAC-010-2.1 R2, FAC-010-2.1 R3, FAC-011-2 R2, and FAC-011-2 R3, we disagree with elevating the VSLs based on the number of sub-requirements missed without adequate justification. As an example, the previously balloted Lower VSL for FAC-010-2.1 R2 covered missing one or two sub-requirements. The proposed Lower VSL now only covers missing of a single sub-requirement. Missing two sub-requirements in the proposal is a Moderate VSL. The only justification given is to make the VSLs consistent with other VSLs. Which other VSLs are they being made consistent with? How do we know the other VSLs don't need to be adjusted? We believe the VSLs approved in the original ballot should be retained.</p> <p>For MOD-018-0 R2, MOD-020-0 R1, and MOD-021-0.1 R3, in the consideration of the ISO/RTO Council Standards Review Committee's comments, decreasing the number of days of tardiness from 15 days to 10 days is justified by the need to be consistent with the VSL guidelines. We can find no justification in NERC's Violation Severity Levels Development Guidelines Criteria. In fact, this guideline document does not appear to address timeliness as within the context of a VSL. We believe the VSLs approved in the original ballot should be retained for these requirements.</p>
<p>Response: Thank you for your comment.</p> <p>With respect to FAC-010-2.2 and FAC-011-2, per FERC's recommendations, we included gradated VSLs where possible, and used the increments for gradation recommended by NERC's drafting team VSL guidelines. The previous VSLs you reference had binary VSLs for each sub-requirement. No change made.</p> <p>With respect to MOD-018-0, MOD-020-0, and MOD-021-0.1, the guideline for tardiness states:</p> <p>Increments for Tardiness: Where there is a requirement with timing as an element that includes the number of days for delivering a product, identify a reasonable delay in delivering that product that would have only a minor impact on achieving the intent of the requirement and use that as the starting point for the Lower VSL. To develop the Moderate, High, and Severe VSLs, 10-day increments are recommended.</p> <p>The cited guideline document can be found on NERC's website: http://www.nerc.com/files/VSL_Guidelines_20090817.pdf.</p>				

Voter	Entity	Segment	Vote	Comment
Richard J. Mandes	Alabama Power Company	3	Negative	The VSL for R5 of FAC-014 is inconsistent with the requirement. The proposed VSL states "The responsible entity provided its SOLs to all entities that have a reliability related need and any that provided a written request but missed meeting". Requirement R5 says that SOL's are given only to those entities that have a reliability related need AND provide a written request. The proposed VSL implies you must give the SOL's to any entity with a reliability-related need even if he didn't provide a written request. It also implies that you must give to any that provide a written request regardless of whether that entity has a reliability-related need or not. This VSL must be changed to be consistent with the requirement before it is approved.
Response: Thank you. The VSLs have been modified per your comment.				
Anthony L Wilson	Georgia Power Company	3	Negative	The VSL for R5 of FAC-014 is inconsistent with the requirement. The proposed VSL states "The responsible entity provided its SOLs to all entities that have a reliability related need and any that provided a written request but missed meeting". Requirement R5 says that SOL's are given only to those entities that have a reliability related need AND provide a written request. The proposed VSL implies you must give the SOL's to any entity with a reliability-related need even if he didn't provide a written request. It also implies that you must give to any that provide a written request regardless of whether that entity has a reliability-related need or not. This VSL must be changed to be consistent with the requirement before it is approved.
Response: Thank you. The VSLs have been modified per your comment.				
Gwen S Frazier	Gulf Power Company	3	Negative	The VSL for R5 of FAC-014 is inconsistent with the requirement. The proposed VSL states "The responsible entity provided its SOLs to all entities that have a reliability related need and any that provided a written request but missed meeting". Requirement R5 says that SOL's are given only to those entities that have a reliability related need AND provide a written request. The proposed VSL implies you must give the SOL's to any entity with a reliability-related need even if he didn't provide a written request. It also implies that you must give to any that provide a written request regardless of whether that entity has a reliability-related need or not. This VSL must be changed to be consistent with the requirement before it is approved.

Voter	Entity	Segment	Vote	Comment
Response: Thank you. The VSLs have been modified per your comment.				
Don Horsley	Mississippi Power	3	Negative	The VSL for R5 of FAC-014 is inconsistent with the requirement. The proposed VSL states "The responsible entity provided its SOLs to all entities that have a reliability related need and any that provided a written request but missed meeting". Requirement R5 says that SOL's are given only to those entities that have a reliability related need AND provide a written request. The proposed VSL implies you must give the SOL's to any entity with a reliability-related need even if he didn't provide a written request. It also implies that you must give to any that provide a written request regardless of whether that entity has a reliability-related need or not. This VSL must be changed to be consistent with the requirement before it is approved.
Response: Thank you. The VSLs have been modified per your comment.				
Daniel Duff	Liberty Electric Power LLC	5	Negative	Using % of data reported to set VSLs discriminates against small entities. A generator with one unit who fails to submit one piece of requested data could have a moderate violation, while a larger generator with multiple units would be placed in the lower category for making the same mistake.
Response: Thank you for your comment. The majority of the industry supports using percentages rather than discrete for this requirement. No change made.				
Michelle DAntuono	Occidental Chemical	5	Negative	All the MOD Standards' VSLs seem inappropriately slanted towards the "Severe" level given that the changes in the VSL language significantly reduces the allowable missing data.
Response: Thank you for your comment. The VSLs as currently proposed appropriately reflect FERC's guidance. No change made.				
Harold Taylor, II	Georgia Transmission Corporation	1	Affirmative	FAC-013-1 R2: Prefer the Balloted Language over the Proposed Change. Typically these are a small number of entities so percentages do not make sense. FAC-014-2 R2, R3, R4: Percentages are meaningless.
Response: Thank you for your comment.				
The prior balloted VSLs for FAC-013-1 R2 violated FERC Guideline 3, and accordingly, the VSLs were modified to better reflect the language in the requirement. No change made.				
The prior balloted VSL for FAC-014-2 R2, R3, and R4 violated both FERC's Guideline 2 and NERC's drafting team VSL guidelines, which				

Voter	Entity	Segment	Vote	Comment
<p>recommend the use of 5% increments for graduated VSLs. No change made.</p>				
Henry Ernst-Jr	Duke Energy Carolina	3	Affirmative	<p>FAC-010-2.1</p> <ul style="list-style-type: none"> • R1 - The first paragraph of the Severe VSL addressing R1.1 should be moved to the Lower VSL. • R2 - In all VSLs insert the word “applicable” before the word “requirements, because all requirements are not applicable to every entity. For example, Duke Energy doesn’t have any HVDC. • R3 - In all VSLs insert the phrase “applicable requirements” after the word “following”, because some entities may not have SPS or RAP (R3.4). • R4 - In the Severe VSL paragraph after the “OR”, change “four” to “one” for consistency with the other VSLs for this requirement. <p>FAC-011-2</p> <ul style="list-style-type: none"> • R1 - The first paragraph of the Severe VSL addressing R1.1 should be moved to the Lower VSL. • R2 - In all VSLs insert the word “applicable” before the word “requirements, because all requirements are not applicable to every entity. For example, Duke Energy doesn’t have any HVDC. • R3 - In all VSLs insert the phrase “applicable requirements” after the word “following”, because some entities may not have SPS or RAP (R3.5). • R4 - In the Severe VSL paragraph after the “OR”, change “four” to “one” for consistency with the other VSLs for this requirement. • R5 - Reword the first paragraph of the Severe VSL to be consistent with the Lower, Moderate and High, i.e. “provided a complete response in a time period that was 80 days or longer.”
<p>Response: Thank you for your comment.</p>				
<p>FAC-010-2.1</p> <ul style="list-style-type: none"> • R1: The VSL DT maintains that failing to meet R1.1 represents a failure to meet the intent of the requirement and should remain as a Severe VSL. No change made. • R2: The VSLs as written match the language in the requirement (per FERC Guideline 3). No change made. • R3: The VSLs as written match the language in the requirement (per FERC Guideline 3). No change made. • R4: Change made. <p>FAC-011-2</p> <ul style="list-style-type: none"> • R1: The VSL DT maintains that failing to meet R1.1 represents a failure to meet the intent of the requirement and should remain as a 				

Voter	Entity	Segment	Vote	Comment
<p>Severe VSL. No change made.</p> <ul style="list-style-type: none"> • R2: The VSLs as written match the language in the requirement (per FERC Guideline 3). No change made. • R3: The VSLs as written match the language in the requirement (per FERC Guideline 3). No change made. • R4: Change made. • R5: Change made. 				
Guy Andrews	Georgia System Operations Corporation	4	Affirmative	FAC-013-1 R2: Prefer the Balloted Language over the Proposed Change. Typically these are a small number of entities so percentages do not make sense. FAC-014-2 R2, R3, & R4: Percentages are meaningless.
<p>Response: Thank you for your comment.</p> <p>The prior balloted VSLs for FAC-013-1 R2 violated FERC Guideline 3, and accordingly, the VSLs were modified to better reflect the language in the requirement. No change made.</p> <p>The prior balloted VSL for FAC-014-2 R2, R3, and R4 violated both FERC's Guideline 2 and NERC's drafting team VSL guidelines, which recommend the use of 5% increments for graduated VSLs. No change made.</p>				

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) IRO
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: The VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

Several commenters (4) did not support a Severe VSL as the assignment for a binary VSL. They were referred to FERC Guideline 2a, which requires all binary VSLs to be assigned as Severe. Other comments included: disagreement with the Severe assignment for a certain non-binary Standard; a request for the deletion of VSLs for a Standard; and suggested wording changes, which were accepted and incorporated into the VSLs wherever they added clarity.

One commenter suggested rewording the Severe VSL for R2 in IRO-001-1.1 to make it more consistent with the requirement “The Reliability Coordinator did not comply with the regional reliability plan approved by the NERC Operating Committee,” and this suggestion was adopted.

IRO-001-1.1 R2	N/A	N/A	N/A	The Reliability Coordinator did not comply with the regional reliability plan approved by the NERC Operating Committee .
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One commenter suggested that the VSLs for R9 in IRO-002-1 do not cover the whole requirement and the drafting team added more details to the VSLs for the Moderate and Severe VSLs.

IRO-002-1 R9	N/A	<p>The Reliability Coordinator does not control its Reliability Coordinator analysis tools, including approvals for planned maintenance.</p> <p>OR</p> <p>has approval rights for planned maintenance outages of its analysis tools, but there is noThe Reliability Coordinator does not have procedures in place to mitigate the effects of these analysis tool outages.</p>	N/A	<p>The Reliability Coordinator does not control its Reliability Coordinator analysis tools, including approvals for planned maintenance</p> <p>AND</p> <p>The Reliability Coordinator does not have a procedures in place to control mitigate its the effects of analysis tools tool outages. including approvals for planned maintenance.</p>
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One commenter noted that the Severe VSL for R8 in IRO-005-2 uses the term, “responsible entity” and suggested replacing this with “Transmission Operator or Balancing Authority” and the team adopted this suggestion.

<p>IRO-005-2 R8</p>	<p>N/A</p>	<p>N/A</p>	<p>The Reliability Coordinator monitored system frequency and its Balancing Authorities’ performance but failed to direct any necessary rebalancing to return to CPS and DCS compliance.</p>	<p>The Reliability Coordinator failed to monitor system frequency and its Balancing Authorities’ performance and direct any necessary rebalancing to return to CPS and DCS compliance.</p> <p>OR</p> <p>The responsible entity Transmission Operator or Balancing Authority failed to utilize all resources, including firm load shedding, as directed by its Reliability Coordinator to relieve the emergent condition.</p>
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One commenter noted that the Severe VSL for R8 in IRO-005-3 uses the term, “responsible entity” and suggested replacing this with “Transmission Operator or Balancing Authority” and the team adopted this suggestion.

<p>IRO-005-3 R5</p>	<p>N/A</p>	<p>N/A</p>	<p>The Reliability Coordinator monitored system frequency and its Balancing Authorities’ performance but failed to direct any necessary rebalancing to return to CPS and DCS compliance.</p>	<p>The Reliability Coordinator failed to monitor system frequency and its Balancing Authorities’ performance and direct any necessary rebalancing to return to CPS and DCS compliance.</p> <p>OR</p> <p>The responsible entity Transmission Operatr or Balancing Authority failed to utilize all resources, including firm load shedding, as directed by its Reliability</p>
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				Coordinator to relieve the emergent condition.
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One commenter noted that the VSLs for R1 in IRO-006-4.1 were graduated based on multiple failures and proposed that this be binary to match FERC’s guideline and the team modified the VSLs so there is a single Severe VSL based on a single instance of noncompliance.

<p>IRO-006-4.1 R1</p>	<p>For each TLR in the Eastern Interconnection, the Reliability Coordinator violates one (1) requirement of the applicable Interconnection-wide procedure</p>	<p>For each TLR in the Eastern Interconnection, the Reliability Coordinator violated two (2) to three (3) requirements of the applicable Interconnection-wide procedure</p>	<p>For each TLR in the Eastern Interconnection, the applicable Reliability Coordinator violated four (4) to five (5) requirements of the applicable Interconnection-wide procedure</p>	<p><u>The Reliability Coordinator failed to select one or more procedures to provide transmission loading relief.</u></p> <p>For each TLR in the Eastern Interconnection, the Reliability Coordinator violated six (6) or more of the requirements of the applicable Interconnection-wide procedure OR While attempting to mitigate an existing IROL violation in the Eastern Interconnection, the Reliability Coordinator applied TLR as the sole remedy for an existing IROL violation.</p> <p>OR</p> <p>While attempting to mitigate an existing constraint in the Western Interconnection using the “WSCC Unscheduled Flow Mitigation Plan”, the Reliability Coordinator did not follow the procedure correctly</p>
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				OR While attempting to mitigate an existing constraint in ERCOT using Section 7 of the ERCOT Protocols, the Reliability Coordinator did not follow the procedure correctly
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One commenter noted that the Severe VSL for R3 in IRO-008-1 was awkwardly worded and the team revised the wording.

IRO-008-1 R3	N/A	The Reliability Coordinator shared the results with some but not all of the entities that were required to take action.	N/A	The Reliability Coordinator <u>failed to</u> share the results of its analyses or assessments with none <u>any</u> of the entities that were required to take action.
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One commenter noted that the VSLs for R1 in IRO-016-1 didn't adequately address performance of the sub-requirements and suggested that the Lower and Moderate VSLs were backwards and also suggested that the High and Severe VSLs were backwards. The team agreed and modified all four of the VSLs in support of the comments.

IRO-016-1 R1	The Reliability Coordinator failed to contact <u>discuss options and decide upon a solution to prevent or resolve the identified expected or potential problem when it contacted</u> other Reliability Coordinators to confirm that there was a problem when it identified a potential or expected problem that required the actions of those other Reliability Coordinators as per R1.1 through R1.3.	The Reliability Coordinator failed to discuss options and decide upon a solution to prevent or resolve the identified expected or potential problem when it contacted other Reliability Coordinators to confirm that there was a problem when it identified a potential or expected problem that required the actions of those other Reliability Coordinators as per R1.1 through R1.3.	The Reliability Coordinator failed to contact <u>discuss options and decide upon a solution to prevent or resolve the identified actual problem when it contacted</u> other Reliability Coordinators to confirm that there was a problem when it identified an <u>potential or expected-actual</u> problem that required the actions of those other Reliability Coordinators as per R1.1 through R1.3.	The Reliability Coordinator failed to discuss options and decide upon a solution to prevent or resolve the identified actual problem when it contacted other Reliability Coordinators to confirm that there was a problem when it identified an <u>actual potential or expected</u> problem that required the actions of those other Reliability Coordinators as per R1.1 through R1.3.
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If you feel that the drafting team overlooked your comments, please let us know immediately. Our goal is to give every comment serious consideration in this process. If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at herb.schrayshuen@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

Voter	Entity	Segment	Vote	Comment
Paul B. Johnson	American Electric Power	1	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				
John Tolo	Tucson Electric Power Co.	1	Negative	IRO-008 R2 - Severe level is not necessary. The BA and TOP daily operating plans should be a backstop to the RC missing, at a minimum, one 30 minute study.
Response: Thank you for your comment. Every requirement needs at least one VSL assignment, and in this case, the requirement is "pass/fail," which requires a binary VSL with a single Severe assignment. No change made.				
Gregory Van Pelt	California ISO	2	Negative	Wordingin regarding Responsible entity for VSLs of IRO-005 R5 and IRO-004 R1 should be more like what is offered for IRO-006 R6 and IRO-010 R3.
Response: Thank you for your comment. The requirements you reference are not comparable, so the VSLs for them need not be identical. No change made.				
Jason L Marshall	Midwest ISO, Inc.	2	Negative	No VSLs are needed for IRO-001-1.1 R3. Paragraph 112 of Order 693-A states clearly "that a reliability coordinator's authority to issue directives arises out of the Commission's approval of Reliability Standards that mandates compliance with such directives." Thus, the RC should never be in a position to need to prove compliance with the requirement and the VSLs are not needed.
Response: Thank you for your comment. The VST DT was charged with developing VSLs for all requirements that have VRFs. While we understand your position, based on the standard as currently written, Measure M2 lists expectations for how the RC will demonstrate its authority and these expectations need to be reflected in the VSLs.				
Raj Rana	American Electric Power	3	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.				

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

Voter	Entity	Segment	Vote	Comment
Henry Ernst-Jr	Duke Energy Carolina	3	Negative	<p>a. IRO-001-1.1, R2 - Reword the Severe VSL as follows to make it more consistent with the requirement: The Reliability Coordinator did not comply with the regional reliability plan approved by the NERC Operating Committee.</p> <p>b. IRO-002-1, R9 - VSLs do not cover the whole requirement.</p> <p>o Reword Moderate VSL as follows: The Reliability Coordinator does not control its Reliability Coordinator analysis tools, including approvals for planned maintenance; OR The Reliability Coordinator does not have procedures in place to mitigate the effects of analysis tool outages.</p> <p>o Reword Severe VSL as follows: The Reliability Coordinator does not control its Reliability Coordinator analysis tools, including approvals for planned maintenance; AND The Reliability Coordinator does not have procedures in place to mitigate the effects of analysis tool outages.</p> <p>c. IRO-005-2, R8 - On the Severe VSL, replace "responsible entity" with "Transmission Operator or Balancing Authority".</p> <p>d. IRO-005-3, R5 - On the Severe VSL, replace "responsible entity" with "Transmission Operator or Balancing Authority".</p> <p>e. IRO-006-3, R6 - Compliance with INT requirements shouldn't be considered a requirement in an IRO standard. VSLs for R6 are inappropriate.</p> <p>f. IRO-006-4.1, R1 - This should be a binary Severe VSL, and shouldn't be graduated based upon multiple failures to follow the procedure.</p> <p>g. IRO-008-1, R3 - Severe VSL is poorly worded. Reword as follows: "The Reliability Coordinator failed to share the results of its analyses or assessments with any of the entities that were required to take action."</p> <p>h. IRO-010-1</p> <ul style="list-style-type: none"> • R1 - Typo on Moderate VSL ("s" should be "as"). This VSL should be graduated consistently with other standards. There are four sub-requirements, so the Lower VSL should be missing one, the Moderate VSL should be missing two, the High VSL should be missing three, and the Severe VSL should be missing all four. • R2 - This VSL is structured incorrectly, such that RCs with smaller areas get hit disproportionately. Rather than use percentages, the Lower VSL should be failed to distribute to one entity, the Moderate VSL should be failed to

Voter	Entity	Segment	Vote	Comment
				<p>distribute to two entities, the High VSL should be failed to distribute to three, and the Severe VSL should be failed to distribute to four or more entities.</p> <p>i. IRO-015-1</p> <ul style="list-style-type: none"> • R1 - Rather than use percentages, the Lower VSL should be failed to notify one entity, the Moderate VSL should be failed to notify two entities, the High VSL should be failed to notify three, and the Severe VSL should be failed to notify four or more entities. • R2 - We don't understand why this is not a binary Severe VSL. It would be better to scale it somehow, but the way the requirement is worded, we don't see a way to do it. <p>j. IRO-016-1, R1 - As written, the proposed VSLs don't adequately address performance of the sub-requirements (for example, implementation of the more conservative solution). Also, we believe that the Lower and Moderate VSLs are backwards (failure to contact is worse than contacting and then failing to discuss options). Likewise the High and Severe VSLs are backwards for the same reason.</p>
<p>Response: Thank you for your comment.</p> <p>a. Change made.</p> <p>b. Change made.</p> <p>c. Change made.</p> <p>d. Change made.</p> <p>e. While we understand your concern, the VSLs as proposed are consistent with the language in the requirement. No change made.</p> <p>f. Change made. The VSLs as proposed violated R3 because they expanded upon the language in the requirement.</p> <p>g. Change made.</p> <p>h. R1: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made. R2: The majority of the industry supports using percentages rather than discrete for this requirement. No change made.</p> <p>i. R1: In this case, the sub-requirements have an unequal impact on achieving the overall intent of the requirement and the VSLs reflect that. No change made. R2: The majority of the industry supports the use of percentages for this requirement. No change made.</p> <p>j. The Lower and Moderate VSLs have been flipped, as have the High and Severe VSLs. The VSL DT believes that the main requirement appropriately addresses the sub-requirements.</p>				
Brock Ondayko	AEP Service Corp.	5	Negative	AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.

Voter	Entity	Segment	Vote	Comment
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				
Edward P. Cox	AEP Marketing	6	Negative	Comments: AEP does not support a default VSL as "severe" for a binary option (i.e. you did not perform some activity). Either more gradients need to be established or the default VSL should start at the "lower" level.
<p>Response: Thank you for your comment. Some requirements are "pass/fail" and thus binary VSLs are appropriate. FERC Guideline 2a requires all binary VSLs to be assigned as Severe. No change made.</p>				

Consideration of Comments on Initial Ballot — Project 2007-23: Violation Severity Levels (VSLs) PRC_TPL
Date of Initial Ballot: October 27 – November 6, 2010

Summary Consideration: The VSL DT thanks all commenters for their feedback and participation in this non-binding poll.

Two commenters were concerned with the use of percentage gradation rather than discrete number gradation. The VSL DT and the majority of the industry did not agree with that concern, so no changes were made.

One commenter appeared to make a comment on the balloted VSL language rather than the proposed changes.

One commenter did not support the VSL assignments, but because the VSL DT disagreed and did not have a specific suggestion to work with, no changes were made.

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

Voter	Entity	Segment	Vote	Comment
Kirit S. Shah	Ameren Services	1	Negative	PRC-001-1 R4 should be restated in terms of a percentage, rather than a number. I suggest 5, 10, 15, and 20%. For example, we should propose for the Lower VSL use 5% instead of "one". Using a number discriminates against large Transmission Operators with numerous neighbors.
Response: Thank you for your comment. The majority of the industry supports using discrete numbers rather than percentages for this requirement. No change made.				
Gregory Van Pelt	California ISO	2	Negative	the VSL (Lower through Severe levels) for TPL-003 R1.5 on page 25 appear to be misplaced (e.g., a copy/paste error?), even though this is not shown as a proposed change.
Response: Thank you for your comment. This appears to be a comment about the previously balloted VSLs, which did contain an error. They have been modified to N/A and rolled up into R1.				
Sam Dwyer	Amerenue	5	Negative	PRC-001-1 R4 should be restated in terms of a percentage, rather than a number. I suggest 5, 10, 15, and 20%. For example, we should propose for the Lower VSL use 5% instead of "one". Using a number discriminates against large Transmission Operators with numerous neighbors.
Response: Thank you for your comment. The majority of the industry supports using discrete numbers rather than percentages for this requirement. No change made.				

¹ The appeals process is in the Reliability Standards Development Procedure: http://www.nerc.com/files/RSDP_V6_1_12Mar07.pdf.

Voter	Entity	Segment	Vote	Comment
Michelle DAntuono	Occidental Chemical	5	Abstain	The PRC standards need to have a full spectrum of levels of serverity. There is a definite slant towards "Severe."
<p>Response: Thank you for your comment. The VSLs as currently proposed appropriately reflect FERC's guidance. No change made.</p>				