

E-mail completed form to mark.ladrow@nerc.net

Standard Authorization Request Form

Title of Proposed Standard Refine applicability for existing NERC Reliability Standards requirements that apply to Distribution Providers, Load Serving Entities, Generator Owners and Generator Operators.

Request Date April 18, 2006

| SAR Requestor Information | SAR Type (Check a box for each one that applies.) |
|--|---|
| Name Ken Wiley | <input type="checkbox"/> New Standard |
| Primary Contact Ken Wiley | <input checked="" type="checkbox"/> Revision to existing Standard |
| Telephone (813) 289-5644 Fax (813) 289-5646 | <input type="checkbox"/> Withdrawal of existing Standard |
| E-mail kwiley@frcc.com | <input type="checkbox"/> Urgent Action |

Purpose (Describe the purpose of the standard – what the standard will achieve in support of reliability.)

The existing reliability standards identify what functional entities are to comply with the requirements of the standard. There has been much concern in the industry about the "reliability relevance" of many of the entities identified, especially the DP, LSE, GO and GOP. We believe that the definitions in the NERC Reliability Standards Glossary are appropriate and that the Reliability Standards themselves need to be more specific in terms of applicability. As identified in the ERO application, excellent standards should clearly identify who they are applicable to, and may include qualifying information such as limitations on the applicability of the standard based on electric facility characteristics, such as generators with a nameplate rating of 20 megawatts or greater, or transmission facilities energized at 200 kilovolts or greater. This SAR supports the action.

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Industry Need (Provide a detailed statement justifying the need for the proposed standard, along with any supporting documentation.)

Each of these standards in the following list should be reviewed to determine if the requirements really should apply to certain sizes of entities. For instance, perhaps a requirement should only apply to a generating unit that is greater than 20 MVA nameplate rating. Or, perhaps a requirement should only apply to a DP or LSE that serves greater than 25MW peak load. Applicability should be more detailed within the standard depending on what the requirements are, and we should move away from a broad applicability by type of function. This would be the best way to determine the reliability relevance to the bulk power system.

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Brief Description (Describe the proposed standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others.)

The following standards should be reviewed and modified to include a more detailed and descriptive applicability explanation of the functional entities (DP, LSE, GO, and GOP) that need to comply with the standard's requirements.

Several standards have been included that apply to the RRO. These standards require the RRO to develop regional standards on a specific subject and contain a minimum list of elements that need to be included in the standard. In some cases adding an additional element to the NERC standard for the RRO standard to identify who the standard applies to may be the best approach.

The preferred method would be to identify exactly in the NERC Reliability Standard "Applicability" section who the standard applies to if possible.

| Standard | DP | LSE | GO | GOP | RRO |
|----------|----|-----|----|-----|-----|
| BAL-005 | | X | | X | |
| CIP-001 | | X | | X | |
| COM-002 | | | | X | |
| FAC-002 | X | X | X | | |
| FAC-004 | | | X | | |
| FAC-005 | | | X | | |
| EOP-002 | | X | | | |
| EOP-004 | | X | | X | |
| EOP-007 | | | | | X |
| EOP-009 | | | X | X | |
| INT-004 | | X | | X | |
| IRO-001 | | X | | X | |
| IRO-004 | | X | X | X | |
| IRO-005 | | X | | | |
| MOD-010 | | | X | | |
| MOD-011 | | | | | X |
| MOD-012 | | | X | | |
| MOD-013 | | | | | X |
| MOD-017 | | X | | | |
| MOD-018 | | X | | | |
| MOD-019 | | X | | | |
| MOD-020 | | X | | | |
| MOD-021 | | X | | | |
| PRC-001 | | | X | | |
| PRC-003 | | | | | X |
| PRC-004 | X | | X | | |
| PRC-005 | X | | X | | |
| PRC-010 | X | X | | | |
| PRC-011 | X | | | | |
| PRC-012 | | | | | X |
| PRC-013 | | | | | X |
| PRC-015 | X | | X | | |
| PRC-016 | X | | X | | |
| PRC-017 | X | | X | | |
| TOP-001 | X | X | | X | |
| TOP-002 | | X | | X | |
| TOP-003 | | | | X | |
| TOP-006 | | | | X | |
| VAR-001 | | | | X | |

These standards should be revised prior to the mandatory enforcement, including application of monetary penalties, that is expected to begin in mid 2007.

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Reliability Functions

| The Standard will Apply to the Following Functions <i>(Check box for each one that applies.)</i> | | |
|---|-------------------------------|--|
| <input type="checkbox"/> | Reliability Authority | Ensures the reliability of the bulk transmission system within its Reliability Authority area. This is the highest Reliability Authority. |
| <input type="checkbox"/> | Balancing Authority | Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time. |
| <input type="checkbox"/> | Interchange Authority | Authorizes valid and balanced Interchange Schedules. |
| <input type="checkbox"/> | Planning Authority | Plans the Bulk Electric System. |
| <input type="checkbox"/> | Resource Planner | Develops a long-term (>one year) plan for the resource adequacy of specific loads within a Planning Authority area. |
| <input type="checkbox"/> | Transmission Planner | Develops a long-term (>one year) plan for the reliability of transmission systems within its portion of the Planning Authority area. |
| <input type="checkbox"/> | Transmission Service Provider | Provides transmission services to qualified market participants under applicable transmission service agreements |
| <input type="checkbox"/> | Transmission Owner | Owns transmission facilities. |
| <input type="checkbox"/> | Transmission Operator | Operates and maintains the transmission facilities, and executes switching orders. |
| <input checked="" type="checkbox"/> | Distribution Provider | Provides and operates the "wires" between the transmission system and the customer. |
| <input checked="" type="checkbox"/> | Generator Owner | Owns and maintains generation unit(s). |
| <input checked="" type="checkbox"/> | Generator Operator | Operates generation unit(s) and performs the functions of supplying energy and Interconnected Operations Services. |
| <input type="checkbox"/> | Purchasing-Selling Entity | The function of purchasing or selling energy, capacity, and all necessary Interconnected Operations Services as required. |
| <input type="checkbox"/> | Market Operator | Integrates energy, capacity, balancing, and transmission resources to achieve an economic, reliability-constrained dispatch. |
| <input checked="" type="checkbox"/> | Load-Serving Entity | Secures energy and transmission (and related generation services) to serve the end user. |

Reliability and Market Interface Principles

| | |
|--|--|
| Applicable Reliability Principles <i>(Check box for all that apply.)</i> | |
| <input checked="" type="checkbox"/> | 1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards. |
| <input checked="" type="checkbox"/> | 2. The frequency and voltage of interconnected bulk electric systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand. |
| <input checked="" type="checkbox"/> | 3. Information necessary for the planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably. |
| <input checked="" type="checkbox"/> | 4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained and implemented. |
| <input checked="" type="checkbox"/> | 5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk electric systems. |
| <input checked="" type="checkbox"/> | 6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified, and have the responsibility and authority to implement actions. |
| <input checked="" type="checkbox"/> | 7. The security of the interconnected bulk electric systems shall be assessed, monitored and maintained on a wide area basis. |
| Does the proposed Standard comply with all of the following Market Interface Principles? <i>(Select 'yes' or 'no' from the drop-down box.)</i> | |
| 1. The planning and operation of bulk electric systems shall recognize that reliability is an essential requirement of a robust North American economy. Yes | |
| 2. An Organization Standard shall not give any market participant an unfair competitive advantage. Yes | |
| 3. An Organization Standard shall neither mandate nor prohibit any specific market structure. Yes | |
| 4. An Organization Standard shall not preclude market solutions to achieving compliance with that Standard. Yes | |
| 5. An Organization Standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards. Yes | |

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Related Standards

| Standard No. | Explanation |
|---------------------|----------------------------------|
| | See listing in brief description |
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Related SARs

| SAR ID | Explanation |
|---------------|--------------------|
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Regional Differences

| Region | Explanation |
|---------------|--------------------|
| ERCOT | |
| FRCC | |
| MRO | |
| NPCC | |
| SERC | |
| RFC | |
| SPP | |
| WECC | |