

**Violation Severity Levels
Development Guidelines Criteria
October 10, 2007**

Acknowledgement

NERC would like to thank all the individuals who invested their time and expertise into the development of reliability standards, and specifically those who participated in the development of the Violation Severity Levels Guidelines and Criteria (VSL Guidelines and Criteria). In particular, we would like to thank the Violation Severity Level Drafting Team (VSLDT) for creating from scratch a platform from which Subject Matter Experts (SMEs) can draw and refine. The team exerted a great deal of time and effort, and maintained the momentum within tight deadlines, while reaching out to existing drafting teams and SMEs to coordinate what has culminated into tool for current and future use in developing Violation Severity Levels.

We would like to thank all the SMEs who have or will take the time to review, consider, and create any needed modifications and associated justifications. Additionally, we would like to thank the NERC Compliance Monitoring and Enforcement Program personnel for contributing their time, expertise, and guidance in developing this document. This document, as a product of comments and input from stakeholders, staff, and the NERC technical community, will support our overall goal of improving electric reliability. We would also like to thank in advance those that will continue to contribute their time and expertise to maintaining and improving this guide and the related Violation Severity Levels.

Table of Contents

ACKNOWLEDGEMENT2

INTRODUCTION5

 PURPOSE.....5

 SCOPE.....5

 BACKGROUND6

CHAPTER 1, OVERVIEW—VIOLATION SEVERITY LEVEL GUIDELINES7

 FIGURE 1: VIOLATION SEVERITY LEVELS CRITERIA DEFINITIONS TABLE8

CHAPTER 2 — PROCEDURE/PROGRAM9

 FIGURE 2: PROCEDURE/PROGRAM CRITERIA TABLE.....9

 EXAMPLE: FAC-003-1 REQUIREMENT R1.....10

Application of Criteria Text View10

Application of Criteria Table View10

CHAPTER 3 — IMPLEMENTATION/EXECUTION.....11

 FIGURE 3: IMPLEMENTATION/EXECUTION CRITERIA TABLE.....11

 EXAMPLE: FAC-003-1 REQUIREMENT R1.3.....12

Application of Criteria Text View12

Application of Criteria Table View12

CHAPTER 4 — REPORTING.....14

 FIGURE 4: REPORTING CRITERIA TABLE.....14

 EXAMPLE: EOP-004-1 DISTURBANCE REPORTING REQUIREMENT R3.1.....15

Application of Criteria Text View15

Application of Criteria Table View15

CHAPTER 5 — COORDINATION/COMMUNICATION.....16

 FIGURE 5: COORDINATION/COMMUNICATION CRITERIA TABLE.....16

 EXAMPLE: EOP-003-1 REQUIREMENT R3.....17

Application of Criteria Text View17

Application of Criteria Table View17

CHAPTER 6 — NUMERIC PERFORMANCE.....18

 FIGURE 6: NUMERIC PERFORMANCE CRITERIA TABLE.....18

 NP1 EXAMPLE: BAL-001-0 REAL POWER BALANCING CONTROL PERFORMANCE REQUIREMENT R2.....20

Application of Criteria Text View20

Application of Criteria Table View20

 NP2 EXAMPLE: BAL-001-0 REAL POWER BALANCING CONTROL PERFORMANCE REQUIREMENT R2.....21

Application of Criteria Text View21

Application of Criteria Table View21

 NP3 EXAMPLE: BAL-001-0 REAL POWER BALANCING CONTROL PERFORMANCE REQUIREMENT R2.....22

Application of Criteria Text View22

Application of Criteria Table View22

CHAPTER 7 — MULTI-COMPONENT.....23

 FIGURE 6: MULTI-COMPONENT CRITERIA TABLE.....23

 EXAMPLE 1: EOP-005-1 SYSTEM RESTORATION PLANS, REQUIREMENT R1.....24

Application of Criteria Text View24

Application of Criteria Table View24

 EXAMPLE 2: PER-003-0 LOAD SHEDDING PLANS, REQUIREMENT R1.....25

Application of Criteria Text View25

Application of Criteria Table View25

Table of Contents

CHAPTER 8 — EXPLANATORY TEXT26

FIGURE 6: EXPLANATORY TEXT CRITERIA TABLE.....26

EXAMPLE: FAC-003-1 VEGETATION MANAGEMENT PROGRAM, REQUIREMENT R3.2.27

Application of Criteria Text View27

Application of Criteria Table View27

CHAPTER 9 — REQUIREMENTS WITHOUT VRF ASSIGNED.....28

EXAMPLE: BAL-002-0 DISTURBANCE CONTROL PERFORMANCE REQUIREMENT R4.2.28

Application of Criteria Text View28

Application of Criteria Table View28

Introduction

NERC and the industry continue to develop and refine reliability standards, which establish what entities must do in their planning and operating activities for assets that are part of and that impact the reliability of the North American bulk power systems. One type of modification being made at this time includes the development of Violation Severity Levels, one of several key elements within a standard.¹ Violation Severity Levels are defined as measurements of the degree to which an entity violated a requirement of a reliability standard. There are four severity levels used to assess violations after the fact and indicate how severely the entity violated a requirement: Lower, Moderate, High, and Severe.²

This document includes a guideline table for each of the categories used to identify the different groupings of standards and the appropriate criteria within each grouping. There are three types of tables included:

- Violation Severity Levels definitions table, which provides an overall basis for direction
- Individual category criteria tables (discussed in Chapter 1), and
- Illustration tables for each category criteria table

Purpose

The enclosed VSL Development Guideline establishes categories of standards and associated criteria per category to help with the assignment of Violation Severity Levels to all requirements in all NERC reliability standards, but in particular the 83 Commission-approved standards by March 1, 2008, in line with FERC directives.

Scope

The enclosed VSL Development Guidelines articulate a consistent approach to assess the degree to which a particular reliability standard requirement was violated for purpose of assignment of Violation Risk Factors. The VSLDT has worked with existing drafting teams to:

- Provide industry input and expertise for various standards and groups of standards;
- Review the criteria and the Violation Severity Levels developed by the VSLDT;
- Confirm or change the Violation Severity Levels using the criteria and provide support for any changes; and
- Provide, propose, or modify methodologies and examples to support or improve the guidelines and criteria presented here for assigning Violation Severity Levels.

The VSLDT has collected and assessed the results of solicited comments from SMEs and has reviewed the proposed assignments of Violation Severity Levels and the comments on the guidelines and criteria for consistency. Following this, the VSLDT will post the revised criteria and the standards containing the VSLs for comment. The criteria established by the VSLDT,

¹ Key elements within a NERC Reliability Standard include Title, Applicability, Effective Date, Purpose, Requirements, Violation Risk Factors, Time Horizons, Measures, Regional Variances, and Associated References.

² Violation Risk Factors measure the expected or potential impact in terms of *risk* of a violation on the reliability of the bulk power system. Violation Severity Levels measure the *severity* of a violation after it has occurred, not the risk.

which may be refined through this project, can be used as a guideline for future assignments of Violation Severity Levels.

Background

The NERC Sanctions Guidelines establish how violations of mandatory and enforceable reliability standards will be sanctioned. FERC has approved 83 NERC reliability standards that became mandatory and enforceable on June 14, 2007.³ To monitor and enforce compliance with these mandatory and enforceable standards, NERC's Sanctions Guidelines requires the use of Violation Severity Levels as an element in determining the size of a sanction. However, no Commission-approved reliability standard currently contains Violation Severity Levels.

This established the need to develop Violation Severity Levels for all reliability standards regardless of their status of development or approval, but especially for the 83 standards that are approved as mandatory and enforceable. Numerous of these 83 standards, as well as others, do contain Levels of Non-compliance. The Commission has:

- Established an interim process for the purpose of determining sanctions, the use of the current Levels of Non-Compliance, where they exist, in the 83 Commission-approved standards,⁴ and
- Directed NERC to modify the 83 standards by March 1, 2008 to:
 - Replace where they exist, the existing Levels of Non-Compliance with Violation Severity Levels; and
 - Assign Violation Severity Levels to all other approved standards.

In late June 2007, a Standards Authorization Request (SAR) was submitted to address this issue. The Standards Committee approved the SAR in July 2007, with initial appointments to the drafting team approved in August 2007. The SAR Violation Severity Level Drafting Team is Project 2007-23 in the Reliability Standards Development Plan 2008-2010. The drafting team is tasked with developing criteria to assign Violation Severity Levels, and with assigning the initial set of Violation Severity Levels to each Requirement and sub-requirement of each of the 83 Standards approved by FERC.

³ On March 16, 2007, the Federal Energy Regulatory Commission issued Order 693, *Mandatory Reliability Standards for the Bulk-Power System*, in which the Commission approved 83 NERC Reliability Standards.

⁴ To enable appropriate determinations of penalty amounts for violations on the 83 standards, the Commission-approved reliability standards, the Commission adopted an interim measure to use Levels of non-compliance. This interim measure is discussed in the June 7 *Order on Compliance Filing*, paragraph 79-80.

Chapter 1, Overview—Violation Severity Level Guidelines

The enclosed Violation Severity Level Development Guideline presents a consistent approach to assess the degree to which a particular reliability standard requirement was violated.

The Violation Severity Level Drafting Team (VSLDT) has reviewed and considered the comments to the SAR and incorporated, where appropriate, the suggestions supplied in the comments in developing the following guidelines. The VSLDT classified the requirements and sub-requirements as follows and developed criteria for assigning at least one Violation Severity Level to each category. At times some requirements may appear to fit in more than one category; however, the standard drafting teams were asked to provide rationale when choosing one category over another.

- 1. Procedure/Program**
- 2. Implementation/Execution**
- 3. Reporting**
- 4. Coordination/Communication**
- 5. Numeric Performance**
- 6. Multi-Component**
- 7. Explanatory Text**
- 8. Requirements without Violation Risk Factor Assigned (N/A)**

The above classifications were developed in order to define the multiple types of requirements contained in the standards and to assign Violation Severity Levels to those requirements containing Violation Risk Factors. To the extent that the existing Levels of Non-Compliance contained in the current approved standards are specific to a unique requirement, those criteria were given strong consideration for continued use as Violation Severity Levels. Please note the important distinction that while the Violation Risk Factors are used to assess the impact to reliability of violating a requirement, and are determined before any violation occurs, Violation Severity Levels are used only to identify the degree to which an entity failed to satisfy a requirement and therefore, can only be determined after a violation has occurred.

The following guidelines are to be used for directing which requirements must be assigned a Violation Severity Level and how the requirements may be assigned one or more Violation Severity Level.

- Every requirement must have at least one Violation Severity Level unless it does not have a Violation Risk Factor assigned to it, and
- Not all requirements must have multiple Violation Severity Levels

The VSLDT used these criteria to apply Violation Severity Levels to all the standards and requirements. Any proposed changes to the criteria or the Violation Severity Levels must be accompanied with documentation and supportable evidence that is in keeping with the objective of maintaining a reliable bulk power system. The following generic criteria are being proposed as guide for identifying the appropriate classification of, and the assignment of Violation Severity Levels to each requirement.

The following table shows the generic approach to assigning Violation Severity Levels. These four generic definitions of severity form the overall basis and guidance for assigning Violation Severity Levels to each requirement. The specific applications are developed in the subsequent chapters.

Figure 1: Violation Severity Levels Criteria Definitions Table

Lower	Moderate	High	Severe
The responsible entity's program/procedure is non-compliant with respect to one or more minor details within the requirement.	The responsible entity's program/procedure is non-compliant with respect to one significant element within the requirement.	The responsible entity's program/procedure is non-compliant with respect to two or more significant elements within the requirement.	The responsible entity's program/procedure is non-compliant with all the elements of the requirement.

Chapter 2 — Procedure/Program

The Procedure/Program category establishes a classification of criteria for requirements that direct the responsible entity to have for use an executable program, procedure, protocol, or written guideline document. The following general criteria should be used to develop Violation Severity Levels for standards and requirements that fall within this classification.

Figure 2: Procedure/Program Criteria Table

Lower	Moderate	High	Severe
The responsible entity's program/procedure is non-compliant with respect to one or more minor details within the requirement.	The responsible entity's program/procedure is non-compliant with respect to one significant element within the requirement.	The responsible entity's program/procedure is non-compliant with respect to two or more significant elements within the requirement.	The responsible entity's program/procedure is non-compliant with all the elements of the requirement.

Example: FAC-003-1 Requirement R1.

“The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include the Transmission Owner’s objectives, practices, approved procedures and work specifications.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.⁵

- *VSL Lower:* A TVMP has been developed but the TVMP has minor administrative weaknesses (e.g. not fully current, not approved in timely fashion).
- *VSL Moderate:* A TVMP has been developed but is missing a significant element (objectives, only include partial set of work specifications, etc.).
- *VSL High:* A TVMP exists but is missing significant elements (practices, procedures, specifications) which would prevent the entity from substantially meeting the reliability objectives of the requirement.
- *VSL Severe:* The responsible entity has not developed a TVMP.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
A TVMP has been developed but the TVMP has minor administrative weaknesses (e.g. not fully current, not approved in timely fashion).	A TVMP has been developed but is missing a significant element (objectives, only includes partial set of work specifications, etc.)	A TVMP exists but is missing significant elements (practices, procedures, specifications) which would prevent the entity from substantially meeting the reliability objectives of the requirement.	The responsible entity has not developed a TVMP.

⁵The criteria aid the process of replacing the existing Levels of Non-Compliance with Violation Severity Levels, which are included in Section D of reliability standards.

Chapter 3 — Implementation/Execution

The Implementation/Execution category establishes a classification of criteria for requirements that direct the responsible entity to implement or execute a program, procedure requirement, or directives. The following criteria should be used to develop Violation Severity Levels for standards requirements that meet this description.

Figure 3: Implementation/Execution Criteria Table

Lower	Moderate	High	Severe
The responsible entity's implementation/execution is non-compliant with respect to one or more minor details within the requirement.	The responsible entity's implementation/execution is non-compliant with respect to one significant element within the requirement.	The responsible entity's implementation/execution is non-compliant with respect to more than one significant element within the requirement.	The responsible entity's implementation/execution is non-compliant with all the elements of the requirement.

Example: FAC-003-1 Requirement R1.3.

“All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* The responsible entity exhibited an administrative program deficiency (e.g. documentation); however, the responsible entity provided the required reports in a timely manner with minor exceptions (e.g., OE-417 Form not used) and substantially meets the intent of the requirement.
- *VSL Moderate:* The responsible entity failed to adhere to either its training or qualifications standards. The responsible entity provided the required reports with some deficiency, such as submission, which occurred later than 24 hours but not more than 36 hours.
- *VSL High:* The responsible entity has failed to adhere to its training and qualification standards resulting in potentially unqualified personnel assigned to administer the TVMP program.
- *VSL Severe:* The responsible entity has not defined qualification and training requirements and personnel directly involved in the TVMP do not hold qualifications or training.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The responsible entity exhibited an administrative program deficiency (e.g. documentation); However, the responsible entity provided the required reports in a timely manner with minor exceptions (e.g., OE-417 Form not used) and substantially meets the intent of	The responsible entity failed to adhere to <u>either</u> its training or qualifications standards. The responsible entity provided the required reports with some deficiency, such as submission which occurred later than 24 hours but not	The responsible entity has failed to adhere to its training <u>and</u> qualification standards resulting in potentially unqualified personnel assigned to administer the TVMP program.	The responsible entity has not defined qualification and training requirements and personnel directly involved in the TVMP do not hold qualifications or training.

Implementation/Execution

the requirement.	more than 36 hours.		
------------------	---------------------	--	--

Chapter 4 — Reporting

The Reporting category establishes a classification of criteria that directs the responsible entity to report operational information and/or data to another registered entity or regulatory authority. For clarification purposes, reporting is a one-way correspondence with no response required. The following criteria should be used to develop Violation Severity Levels for standards requirements that meet this description.

Figure 4: Reporting Criteria Table

Lower	Moderate	High	Severe
<p>The responsible entity is non-compliant in the reporting of required information with respect to one or more minor details within the requirement.</p>	<p>The responsible entity is non-compliant in the reporting of required information with respect to one significant element within the requirement.</p>	<p>The responsible entity is non-compliant in the reporting of required information with respect to more than one significant element within the requirement.</p>	<p>The responsible entity's reporting is non-compliant with all the elements of the requirement.</p>

Example: EOP-004-1 Disturbance Reporting Requirement R3.1.

“The affected Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator or Load Serving Entity shall submit within 24 hours of the disturbance or unusual occurrence either a copy of the report submitted to DOE, or, if no DOE report is required, a copy of the NERC Interconnection Reliability Operating Limit and Preliminary Disturbance Report form. Events that are not identified until some time after they occur shall be reported within 24 hours of being recognized.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* The responsible entity provided the required reports in a timely manner with minor exceptions (e.g., OE-417 Form not used) and substantially meets the intent of the requirement.
- *VSL Moderate:* The responsible entity provided the required reports with some deficiency such as submission occurred later than 24 hours but not more than 36 hours.
- *VSL High:* The responsible entity provided the required reports but was significantly deficient in meeting timeliness requirement by more than 36 hours but less than 48 hours.
- *VSL Severe:* The responsible entity has failed to report within 48 hours.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The responsible entity provided the required reports in a timely manner with minor exceptions (e.g., OE-417 Form not used) and substantially meets the intent of the requirement.	The responsible entity provided the required reports with some deficiency such as submission occurred later than 24 hours but not more than 36 hours.	The responsible entity provided the required reports but was significantly deficient in meeting timeliness requirement by more than 36 hours but less than 48 hours.	The responsible entity has failed to report within 48 hours.

Chapter 5 — Coordination/Communication

The Coordination/Communication category establishes a classification for standards requirements that direct the responsible entity to coordinate and/or communicate with other required entities. For clarification purposes, Coordination/Communication is considered communication between two or more parties with the expectation of response. The following criteria should be used to develop Violation Severity Levels for standards requirements that meet this description.

Figure 5: Coordination/Communication Criteria Table

Lower	Moderate	High	Severe
The responsible entity's coordination/communication is non-compliant with respect to one or more minor details within the requirement.	The responsible entity's coordination/communication is non-compliant with respect to one significant element within the requirement.	The responsible entity's coordination/communication is non-compliant with respect to more than one significant element within the requirement.	The responsible entity's coordination/communication is non-compliant with all the elements of the requirement.

Example: EOP-003-1 Requirement R3.

“Each Transmission Operator and Balancing Authority shall coordinate load shedding plans among other interconnected Transmission Operators and Balancing Authorities.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VLS Lower:* The Transmission Operator or Balancing Authority has coordinated its load-shedding plans with all but one appropriate interconnected entity.
- *VLS Moderate:* The Transmission Operator or Balancing Authority has coordinated and shared its load-shedding plan with > 80% of the appropriate interconnected entities.
- *VSL High:* The Transmission Operator or Balancing Authority has coordinated and shared its load-shedding plan but such coordination was only done with < 80% of the appropriate interconnected entities.
- *VSL Severe:* The Transmission Operator or Balancing Authority has not coordinated or shared its load-shedding plans with any of the appropriate interconnected entities.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The Transmission Operator or Balancing Authority has coordinated its load-shedding plans with all but one appropriate interconnected entity.	The Transmission Operator or Balancing Authority has coordinated and shared its load-shedding plan with > 80% of the appropriate interconnected entities.	The Transmission Operator or Balancing Authority has coordinated and shared its load-shedding plan but such coordination was only done with < 80% of the appropriate interconnected entities.	The Transmission Operator or Balancing Authority has not coordinated or shared its load-shedding plans with any of the appropriate interconnected entities.

Chapter 6 — Numeric Performance

The Numeric Performance criteria establish three classifications for standards requirements that direct the responsible entity to meet a defined numeric performance level. One of the following three Numeric Performance (NP) methods should be used to develop Violation Severity Levels for standards requirements that meet this description.

NP1. The quartile approach, using straight percentages around the total value or 100%.

NP2. The quartile approach, defining a minimum acceptable value and then applying the four quartiles between the minimum value and 100%. (The minimum acceptable value should be defined and supported by the use of technical supportable criteria).

NP3. In cases where there is a target or a specific value in the current approved mandatory and enforceable standard, use the existing target or value to define the Violation Severity Levels.

Figure 6: Numeric Performance Criteria Table

Lower	Moderate	High	Severe
1st quartile	2nd quartile	3rd quartile	4th quartile
The responsible entity has failed to meet the minimum acceptable performance of the requirement but has achieved a performance level equal to or above the 75 th percentile of the appropriate measure.	The responsible entity has achieved the measure of performance level below the 75th percentile but equal to or above the 50th percentile of the appropriate measure.	The responsible entity has achieved the measure of performance level below or equal to the 50th percentile but equal to or above the 25th percentile of the appropriate measure.	The responsible entity has achieved the measure of performance level below the 25th percentile of the appropriate measure.

Violation Severity Levels for **Numerical Requirements** will be divided into quartiles as described below:

- Lower: $75\% \leq \text{Normalized Score} < 100\%$.
- Moderate: $50\% \leq \text{Normalized Score} < 75\%$.
- High: $25\% \leq \text{Normalized Score} < 50\%$.
- Severe: $0\% \text{ Normalized Score} < 25\%$.

Three examples of Numeric Performance criteria follow on the next several pages.

NP1 Example: BAL-001-0 Real Power Balancing Control Performance Requirement R2.

“Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-ten-minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as L₁₀.”

For this NP1 Example, the severity levels are determined by applying four equal quartiles between the target percentage and zero.

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* The responsible entity is mostly compliant with minor exceptions. Equivalent score: equal to or more than 67.5% but less than 90%.
- *VSL Moderate:* The responsible entity is mostly compliant with significant exceptions. Equivalent score: equal to or more than 45% but less than or equal to 67.5%.
- *VSL High:* The responsible entity is marginal in performance or results. Equivalent score: equal to or more than 22.5% but less than or equal to 45%.
- *VSL Severe:* The responsible entity is poor in performance or results. Equivalent score: less than 22.5%.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The responsible entity is mostly compliant with minor exceptions. Equivalent score: equal to or more than 67.5% but less than 90%.	The responsible entity is mostly compliant with significant exceptions. Equivalent score: equal to or more than 45% but less than or equal to 67.5%.	The responsible entity is marginal in performance or results. Equivalent score: equal to or more than 22.5% but less than or equal to 45%.	The responsible entity is poor in performance or results. Equivalent score: less than 22.5%.

NP2 Example: BAL-001-0 Real Power Balancing Control Performance Requirement R2.

“Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-ten-minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as L₁₀.”

For this NP2 Example, the assumption is made that the minimum acceptable value is a score of 72 (Note: the score of 72 must be supportable and defensible).

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* The responsible entity is mostly compliant with minor exceptions. Equivalent score: more than 84 but less than 90.
- *VSL Moderate:* The responsible entity is mostly compliant with significant exceptions. Equivalent score: more than 78 but less than or equal to 84.
- *VSL High:* The responsible entity is marginal in performance or results. Equivalent score: at least 72 but less than or equal to 78.
- *VSL Severe:* The responsible entity is poor in performance or results. Equivalent score: less than 72.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The responsible entity is mostly compliant with minor exceptions. Equivalent score: more than 84 but less than 90.	The responsible entity is mostly compliant with significant exceptions. Equivalent score: more than 78 but less than or equal to 84.	The responsible entity is marginal in performance or results. Equivalent score: at least 72 but less than or equal to 78.	The responsible entity is poor in performance or results. Equivalent score: less than 72.

NP3 Example: BAL-001-0 Real Power Balancing Control Performance Requirement R2.

(taken from Levels of Non-Compliance)

“Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-ten-minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as L₁₀.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower*: The responsible entity is mostly compliant with minor exceptions. Equivalent score: equal to or more than 85 but less than 90.
- *VSL Moderate*: The responsible entity is mostly compliant with significant exceptions. Equivalent score: equal to or more than 80 but less than 85.
- *VSL High*: The responsible entity is marginal in performance or results. Equivalent score: equal to or more than 75 but less than 80.
- *VSL Severe*: The responsible entity is poor in performance or results. Equivalent score: less than 75.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
The responsible entity is mostly compliant with minor exceptions. Equivalent score: equal to or more than 85 but less than 90.	The responsible entity is mostly compliant with significant exceptions. Equivalent score: equal to or more than 80 but less than 85.	The responsible entity is marginal in performance or results. Equivalent score: equal to or more than 75 but less than 80.	The responsible entity is poor in performance or results. Equivalent score: less than 75.

Chapter 7 — Multi-Component

The Multi-Component category establishes a classification of criteria for requirements that have multiple components or sub-requirements that direct the responsible entity to comply with a multiple number of sub-requirements or sub-sub-requirements. To be considered a multi-component, the requirement must have sub-requirements or requirements listed on an attachment. However, a requirement having a sub-requirement may fall under one of the other categories. The following general criteria should be used to develop Violation Severity Levels for standards requirements that meet this description.

Use of the quartile methodology is suggested.

Figure 6: Multi-Component Criteria Table

Lower	Moderate	High	Severe
The responsible entity failed to comply with less than 25% of the number of sub-components within a requirement.	The responsible entity failed to comply with 25% or more and less than 50% of the number of sub-components within a requirement.	The responsible entity has failed to comply with 50% or more and less than 75% of the number of sub-components within a requirement.	The responsible entity has failed to comply with 75% or more of the number of sub-components.

For a multi-component requirement that contains 20 sub-requirements or elements, the following Violation Severity Levels apply:

- Lower: 1 missed sub-requirements \leq 5 (Missed 1 up to 5 sub requirements)
- Moderate: 6 < missed sub-requirements \leq 10
- High: 11 < missed sub-requirements \leq 15
- Severe: 16 < missed sub-requirements \leq 20

Example 1: EOP-005-1 System Restoration Plans, Requirement R1.

“Each Transmission Operator shall have a restoration plan to reestablish its electric system in a stable and orderly manner in the event of a partial or total shutdown of its system, including necessary operating instructions and procedures to cover emergency conditions, and the loss of vital telecommunications channels. Each Transmission Operator shall include the applicable elements listed in Attachment 1 of EOP-005 in developing a restoration plan.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower*: A Transmission Operator failed to document one element numerically listed for consideration in Attachment 1 to the standard in the restoration plan.
- *VSL Moderate*: A Transmission Operator failed to include three of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.
- *VSL High*: A Transmission Operator failed to include five of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.
- *VSL Severe*: A Transmission Operator failed to include seven of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
A Transmission Operator failed to document one element numerically listed for consideration in Attachment 1 to the standard in the restoration plan.	A Transmission Operator failed to include three of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.	A Transmission Operator failed to include five of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.	A Transmission Operator failed to include seven of the elements numerically listed for consideration in Attachment 1 to the standard in the restoration plan.

Example 2: PER-003-0 Load Shedding Plans, Requirement R1.

“Each Transmission Operator, Balancing Authority, and Reliability Coordinator shall staff all operating positions that meet both of the following criteria with personnel that are NERC-certified for the applicable functions:”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* N/A.
- *VSL Moderate:* N/A.
- *VSL High:* The responsible entity did not meet the requirements of one of the two sub-requirements R1.1 or R1.2.
- *VSL Severe:* The responsible entity did not meet the requirements of both sub-requirements R1.1 and R1.2.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
N/A	N/A	The responsible entity did not meet the requirements of one of the two sub-requirements R1.1 or R1.2.	The responsible entity did not meet the requirements of both sub-requirements R1.1 and R1.2.

Chapter 8 — Explanatory Text

The Explanatory Text category establishes a classification of criteria for requirements that only provide explanatory text, but do not require action on the part of the entity. The following criteria should be used to develop Violation Severity Levels for standards requirements that meet this description.

Figure 6: Explanatory Text Criteria Table

Lower	Moderate	High	Severe
All explanatory requirements that have a risk factor assigned to them shall have a Violation Severity Level of Lower assigned to them.	N/A	N/A	N/A

Example: FAC-003-1 Vegetation Management Program, Requirement R3.2.

“The Transmission Owner is not required to report to the RRO, or the RRO’s designee, certain sustained transmission line outages caused by vegetation: (1) Vegetation-related outages that result from vegetation falling into lines from outside the ROW that result from natural disasters shall not be considered reportable (examples of disasters that could create non-reportable outages include, but are not limited to, earthquakes, fires, tornados, hurricanes, landslides, wind shear, major storms as defined either by the Transmission Owner or an applicable regulatory body, ice storms, and floods), and (2) Vegetation-related outages due to human or animal activity shall not be considered reportable (examples of human or animal activity that could cause a non-reportable outage include, but are not limited to, logging, animal severing tree, vehicle contact with tree, arboricultural activities or horticultural or agricultural activities, or removal or digging of vegetation).”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* Text of Requirement R3.2. is exclusively explanatory. All explanatory requirements that have a risk factor assigned to them shall have a Violation Severity Level of Lower assigned to them.
- *VSL Moderate:* N/A.
- *VSL High:* N/A.
- *VSL Severe:* N/A.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
Text of Requirement R3.2. is exclusively explanatory. All explanatory requirements that have a risk factor assigned to them shall have a Violation Severity Level of Lower assigned to them.	N/A	N/A	N/A

Chapter 9 — Requirements without VRF Assigned

Some requirements do not have an assigned Violation Risk Factor.⁶ For these requirements, it is not necessary to assign a Violation Severity Level. These requirements will be assigned a Violation Severity Level of Not Applicable (N/A).

Example: BAL-002-0 Disturbance Control Performance Requirement R4.2.

“The default Disturbance Recovery Period is 15 minutes after the start of a Reportable Disturbance. This period may be adjusted to better suit the needs of an Interconnection based on analysis approved by the NERC Operating Committee.”

Application of Criteria Text View

The application view provides a perspective for how the text will be incorporated into the reliability standard section.

- *VSL Lower:* N/A Requirement R4.2. does not have an assigned Violation Risk Factor and does not need a Violation Severity Level assignment.
- *VSL Moderate:* N/A.
- *VSL High:* N/A.
- *VSL Severe:* N/A.

Application of Criteria Table View

The table view provides a perspective for how the content of the text will be identified during the process of developing, assigning, and approving the Violation Severity Levels.

Lower	Moderate	High	Severe
Text of Requirement R4.2. does not have an assigned Violation Risk Factor and does not need a Violation Severity Level assignment. N/A	N/A	N/A	N/A

⁶ Currently there are 12 requirements within the 83 Commission-approved standards that do not have an assigned Violation Risk Factor. They include: BAL-002-0 (R4.2.; R5.1.; R5.2.; R6.1.); BAL-005-0 (R1.); EOP-004-1 (R3.2.); IRO-006-3 (R2.1.; R2.2.; R2.3.); PRC-001-1 (R3.); and TOP-003-0 (R1.).
 NERC Violation Severity Levels Development Guidelines Criteria
 October 10, 2007