

Compliance Application Notice — 0018

FAC-008 R1.2.1 Terminal Equipment

Posted: June 17, 2011

Revised: Month XX, 2011

Primary Interest Groups

Compliance Enforcement Authority (CEA)¹

NERC

Regional Entity

Transmission Owner (TO)

Generator Owner (GO)

Issue: What equipment is included under the term “terminal equipment” in the NERC Reliability Standard FAC-008?

For the purpose of aiding a CEA, this CAN provides instruction for assessing whether registered entities have considered the appropriate equipment as “terminal equipment” per standard FAC-008.

Background

Standard FAC-008 does not outline what equipment is classified as “terminal equipment” under R1.2.1.

The original CAN-0018 included all equipment that is generally deemed to be “terminal equipment.” However, equipment such as potential devices that are not connected in series and, therefore, cannot limit a Facility Rating are not applicable to this requirement. CAN-0018 has been revised from the original posting of the final CAN to reflect only series connected terminal equipment that is applicable to FAC-008.

Compliance Application

FAC-008 provides, in pertinent part:

R1.2.1. The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.

For the purpose of documenting the methodology used for developing Facility Ratings under FAC-008, the focus is on series-connected equipment that could have the most limiting applicable Equipment Rating.

¹ Compliance Enforcement Authorities include ERO auditors, investigators, enforcement personnel or any person authorized to assess issues of concern, potential non-compliance, and possible, alleged or confirmed violations of NERC Reliability Standards or requirements.

CEAs are instructed to verify that a registered entity has included the following equipment as “terminal equipment” under FAC-008 R1.2.1:

- Wave traps
- Current transformers
- Disconnect switches
- Breakers
- Primary fuses
- Any piece of series-connected equipment that comprises a Facility and that could have the most limiting applicable Equipment Rating

Effective Period for CAN

This revised CAN supersedes the original CAN, as well as all prior communications, and instructs CEAs not to verify inclusion of potential devices in a registered entity’s Facility Ratings methodology (FRM) as required by the original CAN-0018. CEAs are to use this CAN to assess compliance from June 17, 2011, regardless of the start date of the violation. This CAN will remain in effect until such time that a future version of the standard or interpretation addresses this specific issue and is enforceable.

CEAs are instructed to assess compliance by the registered entity’s current FRM² and the facts and circumstances surrounding that methodology. For example:

1. CEAs are instructed to look at the entity’s current FRM. CEAs are not to look further back in time to determine non-compliance or a Possible Violation because prior versions of an entity’s FRM did not include all of the terminal equipment identified in this CAN.
2. However, a CEA will exercise discretion in determining whether a non-compliance or Possible Violation should be found in the event a registered entity’s current FRM was updated to include the terminal equipment elements identified herein just prior to an audit. In this case, the CEA is instructed to consider the amount of time passed until the updating of the entity’s FRM and the consequent risk to the reliability of the BPS.
3. In addition, if an entity’s current FRM identifies as the most limiting Equipment Rating one of the types of equipment discussed above, the CEA is instructed to also review that entity’s prior FRM. If the entity’s prior FRM failed to include terminal equipment that is identified as having the most limiting Equipment Rating, the CEA is instructed to find non-compliance or a Possible Violation, as applicable.

For any enforcement action in process and for audits that have been initiated,³ a CEA will apply the appropriate discretion, including consideration of the specific facts and circumstances of the non-compliance, in determining whether to assess compliance pursuant to this CAN.

² “Current” means the Facility Ratings methodology in effect at the time of the audit. This is consistent with compliance monitoring guidance provided in the 2012 CMEP Implementation Plan and AML.

³ “Initiated” means that a registered entity has received notification of the upcoming audit.

Evidence of Compliance

CEAs are to look for evidence that the registered entity’s current FRM addresses the equipment specified by R1.2.1, including terminal equipment as defined above.

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This document is designed to convey compliance monitoring instruction to achieve a measure of consistency among auditors and Compliance Enforcement Authorities. It is not intended to establish new requirements under NERC’s Reliability Standards or to modify the requirements in any existing NERC Reliability Standard. Compliance will continue to be assessed based on language in the currently enforceable NERC Reliability Standards. This document is not intended to define the exclusive method an entity must use to comply with a particular standard or requirement, or foreclose a registered entity’s demonstration by alternative means that it has complied with the language and intent of the standard or requirement, taking into account the facts and circumstances of a particular registered entity. Implementation of information in this document is not a substitute for compliance with requirements in NERC’s Reliability Standards.

Revision History

Posted Date	Action	Revision
June 17, 2011	Posted Final CAN	
Month XX, 2011	Posted Revised CAN	Removed “Potential Devices;” added “Current Transformers” and modified Fuses by adding “primary.” Added additional effective date information.