

Dominion Comments on Proposed Amendments to NERC Rules of Procedure Section 300

June 4, 2010

On March 18, 2010, the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued its “Order Directing NERC to Propose Modification of Electric Reliability Organization Rules of Procedure,” 130 FERC ¶ 61,203 (2010) (“March 18th Order”) directing NERC to, *inter alia*, file changes to NERC’s Rules of Procedure ensuring: 1) that drafting teams comply with FERC directives by developing new or revised Reliability Standards that satisfy applicable FERC directives; and 2) that a negative vote of the ballot body shall not block NERC’s ability to file new or modified Reliability Standards at FERC that satisfy applicable FERC directives.

On May 18, 2010, NERC posted its “Request for Comments on Proposed Amendments to NERC’s Rules of Procedure” requesting comments on its amendments to its Rules of Procedure addressing issues raised in the March 18th Order. Specifically, NERC’s May 18, 2010 posting proposes to add new language to Rules 309.2 and 309.3, and add a new Rule 321, entitled Special Rule to Address Certain Regulatory Directives, to its Rules of Procedure (“May 18th Proposal”).

Dominion hereby offers the following comments on NERC’s May 18th Proposal:

- **The definition of FERC “directives” must be specific.** As processes reflected in the May 18th Proposal begin with a FERC “directive,” it is critical that such a “directive” is defined with specificity. Ensuring such specificity can be accomplished by developing and maintaining a publically available list of such directives that cross-reference the relevant FERC orders and set forth appropriate compliance/filing deadlines.
- **Section 2 of Rule 321 should be modified to establish a technical conference and to clarify the contents of the required memorandum.** Section 2 of Rule 321 currently requires that when the Board of Trustees (“BOT”) remands a proposed reliability standard back to the Standards Committee, it do so with instructions to “prepare a memorandum describing the issues surrounding the regulatory directive.” To permit the face-to-face discussions necessary to resolve certain issues and to insure the development of a complete record of the issues involved in the re-balloting process, NERC should modify the Section 2 of Rule 321 to: 1) add a technical conference prior to the re-balloting; 2) clarify the contents of the required memorandum; and 3) add a requirement that the Standards Committee circulate the required memorandum for comment prior to the re-balloting. At minimum, these proposed modifications provide a more comprehensive record of the options that were understood to exist when the final balloting took place. To accommodate these proposed modifications, NERC should extend the 30 day deadline for the re-balloting to 45 days. This extension of time may permit the narrowing, or perhaps elimination, of certain issues that would otherwise be presented to the BOT. Details of the proposed modifications include:
 1. **Technical Conference:** The technical conference should be held within 15 days of date of the remand by the BOT. The technical conference would facilitate thorough

and focused discussion of the proposed alternative solutions, the impacts to the Bulk Electric System (“BES”) of each of the proposed alternative solutions, and possible outcomes at FERC.

- 2. Contents of Required Memorandum:** NERC should clarify that the required memorandum must include: 1) an analysis of the range of alternative solutions; 2) an analysis of the technical aspects of each of those solutions; 3) an analysis of how each of the alternative solutions improves the reliability of the BES; and 4) a cost-benefit analysis of each alternative solution comparing the costs of implementing a specific solution to the attendant benefits to the BES. The required memorandum should be drafted within 15 days after the date of the technical conference.
 - 3. Circulation to and Feedback from Interested Parties:** NERC should clarify that the required memorandum must be circulated to interested parties within 15 days after the date of the technical conference and that any comments on the required memorandum must be circulated within 10 days of receiving it.
- **Section 4.4 of Rule 321 should be renumbered.**

Section 4.4 of Rule 321 should be renumbered to Section 5.0 and Section 5.0 should be renumbered to Section 6.0.

Dominion respectfully requests that NERC give full consideration to its comments.