

**MANITOBA HYDRO COMMENTS ON PROPOSED AMENDMENTS
TO NERC RULES OF PROCEDURE
SECTION 300**

Manitoba Hydro's primary concern is that the proposed revisions to Section 300 of the NERC Rules of Procedure would render Requests for Clarification or Rehearing of FERC's March 18th order moot, unless the provisions of Section 300 are clarified. Although this was not likely the intent of the drafters, Section 321 may be interpreted as foreclosing NERC's options to: (a) seek rehearing or appeal (depending on the particular jurisdiction) of a regulatory order that is in excess of jurisdiction; or (2) propose alternatives to directives issued by the Commission. Manitoba Hydro is also concerned with the role of the BOT potentially circumventing the stakeholder process for developing standards.

1. Section 321.1 of the proposed revisions gives the Standards Committee the responsibility to "ensure that standards drafting teams address specific matters that are contained in directives issued by applicable ERO governmental authorities." Similarly, this Section provides that the "Board of Trustees may remand, with instructions, a proposed reliability standard that fails to address such directives to the Standards Committee." Manitoba Hydro's first concern is that the phrase "address specific matters/such directives" is capable of different interpretations. This phrase may be interpreted liberally so as to include the possibility of the SC suggesting an alternative to a Commission directive (as this has been specifically sanctioned in the U.S. through Order 693). However, especially given the specificity of many Commission directives, the phrase "addressing a specific matter/such directives", may be interpreted quite strictly to mean adhering to the specifics of a directive.

As stated earlier, while this may not have been the intent of the drafters, the NERC Rules of Procedure must be capable of being clearly interpreted for many years to come, as members of the SC and BOT come and go. Therefore, Manitoba Hydro recommends that these phrases regarding addressing specific matters/directives be further clarified in the Rules of Procedure so as to specifically allow alternative proposals.

2. Similarly, the duty of the SC to address directives provides no exceptions for directives that are beyond the regulatory body's jurisdiction. The SC's duty should be conditional upon a decision (by the appropriate NERC body) not to seek rehearing on appeal of the directive.

3. Manitoba Hydro is concerned that the phrase "substantive comments" is unclear and very subjective. It is recommended that the term "substantive" be deleted or clarified so as to eliminate the need to exercise judgment.