

**A. Introduction**

- 1. Title:** Documentation of Regional Reliability Organization Capacity Benefit Margin Methodologies
- 2. Number:** MOD-004-0
- 3. Purpose:** To promote the consistent and uniform application of transmission Transfer Capability margins calculations, Capacity Benefit Margin (CBM) must be calculated in a consistent manner.
- 4. Applicability:**
  - 4.1.** Regional Reliability Organization
- 5. Effective Date:** April 1, 2005

**B. Requirements**

- R1.** Each Regional Reliability Organization, in conjunction with its members, shall develop and document a Regional CBM methodology. The Regional Reliability Organization's CBM methodology shall include each of the following ten items, and shall explain its use in determining CBM value. Other items that are Regional Reliability Organization specific or that are considered in each respective Regional Reliability Organization methodology shall also be explained along with their use in determining CBM values.
  - R1.1.** Specify that the method used by each Regional Reliability Organization member to determine its generation reliability requirements as the basis for CBM shall be consistent with its generation planning criteria.
  - R1.2.** Specify the frequency of calculation of the generation reliability requirement and associated CBM values.
  - R1.3.** Require that generation unit outages considered in a Transmission Service Provider's CBM calculation be restricted to those units within the Transmission Service Provider's system.
  - R1.4.** Require that CBM be preserved only on the Transmission Service Provider's System where the Load-Serving Entity's Load is located (i.e., CBM is an import quantity only).
  - R1.5.** Describe the inclusion or exclusion rationale for generation resources of each Load-Serving Entity including those generation resources not directly connected to the Transmission Service Provider's system but serving Load-Serving Entity loads connected to the Transmission Service Provider's system.
  - R1.6.** Describe the inclusion or exclusion rationale for generation connected to the Transmission Service Provider's system but not obligated to serve Native/Network Load connected to the Transmission Service Provider's system.
  - R1.7.** Describe the formal process and rationale for the Regional Reliability Organization to grant any variances to individual Transmission Service Providers from the Regional Reliability Organization's CBM methodology.
  - R1.8.** Specify the relationship of CBM to the generation reliability requirement and the allocation of the CBM values to the appropriate transmission facilities. The sum of the

CBM values allocated to all interfaces shall not exceed that portion of the generation reliability requirement that is to be provided by outside resources.

**R1.9.** Describe the inclusion or exclusion rationale for the loads of each Load-Serving Entity, including interruptible demands and buy-through contracts (type of service contract that offers the customer the option to be interrupted or to accept a higher rate for service under certain conditions).

**R1.10.** Describe the inclusion or exclusion rationale for generation reserve sharing arrangements in the CBM values.

**R2.** The Regional Reliability Organization shall make the most recent version of the documentation of its CBM methodology available on a website accessible by NERC, the Regional Reliability Organizations, and transmission users.

### **C. Measures**

**M1.** The Regional Reliability Organization's most recent CBM methodology documentation shall meet Reliability Standard MOD-004-0\_R1.

**M2.** The Regional Reliability Organization's CBM methodology shall be available on a website accessible by NERC, the Regional Reliability Organizations, and transmission users.

### **D. Compliance**

#### **1. Compliance Monitoring Process**

##### **1.1. Compliance Monitoring Responsibility**

Compliance Monitor: NERC.

##### **1.2. Compliance Monitoring Period and Reset Timeframe**

The most recent version of CBM methodology documentation available on a website accessible by NERC, the Regional Reliability Organizations, and transmission users.

##### **1.3. Data Retention**

None specified.

##### **1.4. Additional Compliance Information**

None.

#### **2. Levels of Non-Compliance**

**2.1. Level 1:** The Regional Reliability Organization's documented CBM methodology does not address one or two of the ten items required for documentation under Reliability Standard MOD-004-0\_R1.

**2.2. Level 2:** Not applicable.

**2.3. Level 3:** Not applicable.

**2.4. Level 4:** The Regional Reliability Organization's documented CBM methodology does not address three or more of the ten items required for documentation under Reliability Standard MOD-004-0\_R1, or the Regional Reliability Organization does not have a documented CBM methodology available on a website in accordance with Reliability Standard MOD-004-0\_R2.

### **E. Regional Differences**

1. None identified.

**Version History**

| <b>Version</b> | <b>Date</b>   | <b>Action</b>  | <b>Change Tracking</b> |
|----------------|---------------|----------------|------------------------|
| 0              | April 1, 2005 | Effective Date | New                    |
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