

A. Introduction

- 1. Title:** Procedure for Verifying Capacity Benefit Margin Values
- 2. Number:** MOD-005-0
- 3. Purpose:** To promote the consistent and uniform application of Transfer Capability calculations among transmission system users, the Regional Reliability Organizations need to review adherence to Regional methodologies for calculating Capacity Benefit Margin (CBM).
- 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 implement a procedure to review (at least annually) the CBM calculations and the resulting values of member Transmission Service Providers to ensure that they comply with the Regional Reliability Organization's CBM methodology. The procedure shall include the following four requirements:
 - R1.1.** Indicate the frequency under which the verification review shall be implemented.
 - R1.2.** Require review of the process by which CBM values are updated, and their frequency of update, to ensure that the most current CBM values are available to transmission users.
 - R1.3.** Require review of the consistency of the Transmission Service Provider's CBM components with its published planning criteria. A CBM value is considered consistent with published planning criteria if the components that comprise CBM are addressed in the planning criteria. The methodology used to determine and apply CBM does not have to involve the same mechanics as the planning process, but the same uncertainties must be considered and any simplifying assumptions explained.
 - R1.4.** Require CBM values to be periodically updated (at least annually) and available to the Regional Reliability Organizations, NERC, and transmission users.
- R2.** Each Regional Reliability Organization shall document its CBM procedure and shall make its CBM review procedure available to NERC on request (within 30 calendar days).
- R3.** The Regional Reliability Organization shall provide documentation of the results of the most current implementation of its CBM review procedure to NERC on request (within 30 calendar days).

C. Measures

- M1.** The Regional Reliability Organization's written procedure for the performance of periodic reviews of Regional CBM calculations shall comply with Reliability Standard MOD-005_R1.
- M2.** The Regional Reliability Organization shall have documentation of the results of its periodic reviews of CBM calculations, in accordance with Reliability Standard MOD-005-0_R2 and MOD-005-0_R3.

M3. The Regional Reliability Organization shall have evidence that it provided documentation of its CBM review procedure and the results of the most current implementation of the procedure to NERC as requested (within 30 calendar days).

D. Compliance

1. Compliance Monitoring Process

1.1. Compliance Monitoring Responsibility

Compliance Monitor: NERC.

1.2. Compliance Monitoring Period and Reset Timeframe

The documentation of the Regional Reliability Organization’s CBM review procedure shall be available to NERC on request (within 30 calendar days). Documentation of the results of the most current implementation of the review procedure shall be available to NERC on request (within 30 calendar days).

1.3. Data Retention

None specified.

1.4. Additional Compliance Information

None.

2. Levels of Non-Compliance

2.1. Level 1: Not applicable.

2.2. Level 2: The Regional Reliability Organization did not perform an annual review of all Transmission Service Providers within its Region for consistency with the Regional CBM methodology.

2.3. Level 3: Not applicable.

2.4. Level 4: The Regional Reliability Organization does not have a procedure for performing a CBM methodology consistency review of all Transmission Service Providers within its Region, or has not performed any annual reviews.

E. Regional Differences

1. None identified.

Version History

| Version | Date | Action | Change Tracking |
|----------------|---------------|----------------|------------------------|
| 0 | April 1, 2005 | Effective Date | New |
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