

Notes

Project 2010-17 Definition of Bulk Electric System

August 9-11, 2011 | 8:00 a.m. - 5:00 p.m. ET
Meeting Location: ELCON - Washington, DC

Administration

1. Introductions

The Chair brought the meeting to order at 8:00 a.m. ET on Tuesday, August 9, 2011 at the ELCON offices in Washington, DC. Meeting attendees were:

Members		
Brian Evans-Mongeon, Utility Services	Phil Fedora, NPCC	Ajay Garg, Hydro One
Pete Heidrich, FRCC, Chair	John Hughes, ELCON	Jeff Mitchell, RFC
Jerry Murray, OR PUC	Rich Salgo, Sierra Pacific	Jason Snodgrass, GTC
Jennifer Sterling, Exelon	Jonathan Sykes, PG&E	Ed Dobrowolski, NERC
Observers		
Neil Burbure, FERC	Paul Cummings, City of Redding	Frank Cumpton, BG&E
Richard Dearman, TVA	Tom Duffy, CH	Carter Edge, SERC
Dennis Fuentes, FERC	Jeff Gindling, Duke	Bill Harm, PJM
Jonathan Hayes, SPP	John Martinsen, Snohomish	Susan Morris, FERC
Steve Myers, ERCOT	David O'Connor, FERC	Alain Pageau, HQ
Ken Shortt, PacifiCorp	Tim Soles, Occidental	Sam Stonerock, SCE
Bob Stroh, FERC	Phil Tatro, NERC	Orhan Yildiz, EIA
Zack Zaremski, FERC		

2. NERC Antitrust Guidelines and Conference Call Announcement – Ed Dobrowolski

The NERC Antitrust Guidelines were read and the conference call announcement was delivered. There were no questions.

3. Review Agenda and Meeting Objectives – Pete Heidrich

An item was added to the agenda for a report on the recent Regional Entity Executives (RE Executives), Member Representatives Committee (MRC), and Board of Trustees (BOT) meetings from Pete Heidrich.

The objective of the meeting was to finalize a number of the Standard Drafting Team (SDT) documents in preparation for the second posting.

Agenda

1. Review of RE Executives/MRC/BOT Meetings – Pete Heidrich

Seven out of the eight regions do not support the deletion of 20 MVA units. SERC is the only region that supports the deletion.

FERC is emphasizing that they expect the SDT to focus on the directives in the Order.

The MRC expressed their dislike of the 20 MVA deletion as well as the statement on local distribution in the core. The MRC also expressed concern with the ability of the SDT to develop technically sound justifications for the elimination of the 20 MVA and the local network exclusion. Without the appropriate technical justification the MRC sees the deletion of the 20 MVA units as guaranteeing failure of the project.

The current wording of the local distribution statement in the core is seen as setting up jurisdictional disputes. David Cook of NERC Legal distributed a letter to the SDT leadership which was shared with the entire SDT providing a suggested change to the wording of the definition in this regard. The SDT reviewed the proposal and accepted the proposed change.

The MRC asked Pete Heidrich if all of the changes undertaken by the SDT were in direct response to directives in the Order. The answer was 'no.'

The MRC felt that the local network exclusion will require a strong technical justification complete with a thorough analysis for the next posting.

The general feeling at the meeting was that the Electric Reliability Organization (ERO) needs to show the Commission that it can get the job done when given a specific order.

The BOT focused on eliminating regional entity discretion and addressing directives. They requested a progress report containing all technical justifications no later than September 9, 2011.

FERC brought up the issue of hard taps on radials. They felt that the present draft alters the scope of the Bulk Electric System (BES) in this regard and will change the status quo. They stated that they were not looking for substantive changes to the BES as part of this project.

The BOT suggested a two phase approach. In phase one, the emphasis would be on maintaining the status quo – stay with the 20 and 75 MVA thresholds and delete the local network exclusion. Phase two could tackle those issues and any other contentious topics.

Pete walked away from the meeting with the impression that the BOT would not approve the current proposed definition.

The phased approach would allow time for the SDT to go out to technical committees for assistance in gathering the data needed for technical justifications of positions. It was stressed by the BOT that changes must show a positive impact on reliability and not just that there was no negative impact.

Both the BOT and the MRC stated that they see a tight coupling of the definition and registry criteria.

The SDT was not appreciative of what they saw as interference in their work by the BOT and MRC. The SDT feels that industry is supportive of the current proposal.

The states seem confused by what is going on. They are not certain what revising the definition will accomplish or how it will affect users of the BES. The SDT stated that short of specific applicability in an individual standard, the definition of the BES determines what standards apply to.

If the SDT decides to adopt the phased approach, a new or revised Standard Authorization Form (SAR) will be required.

2. Review of Meeting with FERC Staff – Pete Heidrich

At the meeting with FERC staff on Monday, August 9, 2011, FERC staff expressed concerns with several areas of the proposed definition and process. Notes from that meeting were distributed separately. The SDT stated that they would review the identified concerns as part of the agenda for this meeting. Items reviewed were:

- Generation thresholds – This item will be reviewed under agenda item #3 and FERC staff concerns will be included in the discussion.
- Normally open switch – Language was added to provide clarity. FERC staff indicated that this change was being viewed positively.
- Hard taps – The SDT stated that as written, the proposed definition would exclude hard taps as long as they qualified for the exclusion (Exclusion E1) and all of its parts. This might result in a change to the status quo but it will

do so while providing additional clarity to the situation. The status quo is inconsistent and applied with discretion.

- Exception process form – This item will be reviewed under agenda item #6 and specific comments from FERC staff will be considered at that time.

3. Report from Sub-team on 20/75 MVA Issue – Jonathan Sykes

Jonathan provided a high level overview of the technical justification for deleting generating units between 20 and 75 MVA from the BES definition.

The paper states that the sub-team does not feel that registration depends on the definition. They see the two as loosely coupled. Users will still be required to register and entities will still be registered. Approximately 5% of installed generation would be excluded from consideration under the proposed definition based on the evidence gathered to date. Case studies with the excluded generation out of the study have all solved so far with no reliability issues although WECC did have to bring on reserves. Therefore, the sub-team feels that units between 20 and 75 MVA are not needed for reliability.

It was pointed out that formal studies still need to be made and that these studies may result in slightly different values but shouldn't change the end result.

The SDT provided the following comments:

- Were a set of consistent assumptions used throughout?
- What happens with the most severe single contingency situation with these units out of the BES?
- No data was presented from several parts of the country.
- Study data must be available, not just end results in text.
- The report doesn't justify the selection of 75 MVA.
- It would be beneficial to provide examples from recent operations such as the Texas situation this past winter to show that there would be no ill effect from excluding these units.
- The assumption that registration can continue as is contradicts the position of the MRC and BOT.
- The paper states that deletion of the units will save money for entities but this may not be true as those units are already registered and under standards.

The SDT stated that the technical justification must be provided for the second posting and that in order for that to happen, the final draft needed to be available for review by August 16, 2011. The sub-team accepted this condition and asked for

a vote of the SDT to determine if they should continue their work or whether the SDT wanted to drop back to the status quo approach suggested by the BOT. The SDT voted 6-5 to continue with the sub-team work effort and approach.

The sub-team then drafted a formal data request to be sent to all regions requesting studies to be done in the next few days so that they could present their report to the SDT as scheduled. Numerous questions arose at this time as to what exactly was being requested. It became evident that the studies would not be ready in time.

The sub-team came back to the SDT with an alternate proposal:

- Remove all generator thresholds from the inclusions.
- Leave the generation limits in the exclusions.
- Create a SAR to capture the generation threshold issue at a minimum for future development.

Several SDT members were concerned that the new SAR wouldn't be approved and the issues would end up getting lost. However, it was pointed out that everyone involved, including the BOT, was supportive of such an approach and the chances of the SAR being turned down were almost certainly non-existent.

The SDT voted 10-1 to adopt this revised approach.

On the next day, several SDT members pointed out what they considered a fatal flaw in the proposed wording of the revised definition and inclusions under this approach. As a result of the discussions on this topic, a compromise position was adopted that placed a reference to the current ERO Statement of Compliance Registry Criteria in the inclusion.

This approach will necessitate the creation of a new SAR to address the generation threshold issue at a minimum going forward. The SDT brainstormed ideas for inclusion in the new SAR and provide them to Pete Heidrich who volunteered to draft the SAR for review on the next SDT conference call.

The list of items for consideration included the need for a contiguous BES, generation thresholds, demarcation between transmission, generation, and distribution, associated support equipment for the BES, and items derived from FERC Order 693

Action Item – Pete Heidrich will draft a new SAR to address the issues generated at the August 9, 2011 SDT meeting and distribute the document so that it can be reviewed on the August 18, 2011 SDT conference call.

4. Report from Sub-team for Local Network (LN) Issue – Rich Salgo

Rich presented a high level overview of the position paper.

The basic premise of the sub-team is that if all three conditions for Exclusion E3 are met, then the system in question is definitely distribution and not transmission. The situation is not unlike the radial system exclusion in concept. The sub-team has studied the existing standards and does not see any effect as a result of this definition.

The SDT was concerned that the paper read more like a narrative text and didn't contain any technical analysis. There were also comments raised about the last section of the paper that talked about distribution factors. The SDT didn't feel that this was a germane issue and should probably be eliminated.

The question arose as to why Exclusion E3 was needed now that the statement on distribution facilities was added to the core and if the local network exclusion was truly a bright-line. The sub-team pointed out that Order 743 gave the SDT the opportunity to define distribution and that Exclusion E3 was a particular example of such a determination that will have wide-spread application. The bright-line question is not black and white. Some degree of 'analysis' is required to prove the point but the sub-team pointed out that it was all readily available data that entities already have for other reasons.

The SDT asked for specific real-world examples of local networks with the names changed to protect confidentiality. The SDT also requested that the report cover the issue of the 300 kV limit as well as addressing ties to the TPL and CIP methodologies.

The sub-team will have the final draft report ready for review on the next SDT conference call so that it can be submitted for the second posting.

Action Item – The LN sub-team will distribute their final draft to the SDT for review on the August 18, 2011 conference call.

5. Reports on Informal In-house Tests of Exception Criteria

Several SDT members reported on their findings when they ran an informal test of the new form at their respective companies.

Lee County filled out the form and submitted it to FRCC. Lee County reported no problems in filling out the form or providing the data. FRCC is still reviewing the submittal.

Exelon asked about the possibility of adding an 'other' category to pick up any loose ends that didn't fit cleanly under either transmission or generation.

Con Edison asked for several wording changes based on their dry runs that were accepted by the SDT.

6. Finalize Exception Criteria

After discussions with Carter Edge, Chair of the Rules of Procedure (ROP) team, the SDT deleted page 1 of the form as it was duplicative of what has already been

developed by the ROP team. It was also determined that the SDT did not need to address the issue of data retention as this topic has already been covered by the ROP team. The ROP team will need to change some of their crafted language to coordinate with the new approach to the exception criteria adopted by the SDT.

In addition to cleaning up the text in general, questions were added on off-site nuclear power supply and cranking paths. Protection system diagrams were added to the required data.

7. Finalize Industry Comments to Technical Principles

All of the authors accepted the final draft of the document.

8. Finalize Questions for Second Posting

The preamble to the documents needs to be changed to bring in the concept of the new SAR.

On the definition document, questions 9 and 10 were basically identical and one will be deleted. The questions should emphasize 'revised' instead of 'added.'

On the criteria document, a question will be added to determine if sufficient information for making a decision is being requested.

9. Discuss Applicability of Standards – Pete Heidrich

The spreadsheet was updated as requested at the last SDT meeting. Pete provided an overview of his analysis which indicates no affect on standards due to the revised definition. As part of his analysis, he expanded the search to include pending standards and specific applicability for each standard with no change to the results. SDT members are encouraged to review the results in detail and to distribute any comments, questions, or suggestions through the mail server. Unless someone does come up with something new to discuss, this issue is closed.

Action Item – SDT members should review the applicability spreadsheet and send any comments, questions, or suggestions to the mail server for SDT consideration.

10. Discuss Review of Pending Standards – Pete Heidrich

See agenda item #9 for discussion of this issue.

11. Next Steps – Pete Heidrich

With the new approach adopted at this meeting, the responses to comments for the first posting of the definition need to be updated. Ed Dobrowolski will do the update and distribute them to the individual authors for review. Full SDT review will take place on the next SDT conference call. Several other documents will need to be updated as well and Ed will handle all changes.

The SDT discussed the possibility of developing a guidance document for the exception process. A meeting was tentatively scheduled for September 20 – 22, 2011 in Tampa, FL to develop such a document.

Action Item – Ed Dobrowolski to update all documents needed for the second posting and distribute them to the SDT for final review on the August 18, 2011 conference call.

12. Future Meetings

- a. Conference call and webinar to finalize all second posting documents on August 18, 2011 from 1:00 – 5:00 p.m. ET.
- b. (Tentative) Face-to-face meeting on September 20 – 22, 2011 in Tampa, FL to develop a guidance document for the exception process.
- c. Face-to-face meeting on Tuesday, November 8, 2011 through Thursday, November 10, 2011. Dates based on proposed posting date. Location is to be determined.
- d. Schedule meetings and conference calls as necessary.

13. Action Items and Schedule – Ed Dobrowolski

The following action items were developed during this meeting:

- Pete Heidrich will draft a new SAR to address the issues generated at the August 9, 2011 SDT meeting and distribute the document so that it can be reviewed on the August 18, 2011 SDT conference call.
- The LN Sub-team will distribute their final draft to the SDT for review on the August 18, 2011 conference call.
- SDT members should review the applicability spreadsheet and send any comments, questions, or suggestions to the mail server for SDT consideration.
- Ed Dobrowolski to update all documents needed for the second posting and distribute them to the SDT for final review on the August 18, 2011 conference call.

If the documents can be finalized on the August 18, 2011 conference call, the submittal to NERC Quality Review can be made on time and the project will remain on schedule.

Pete Heidrich reminded the MRC and BOT that the milestone for determining whether an extension to the project timeframe will be needed has always been tied to the results of the initial ballot. The upcoming posting is a combined 45-day posting and combined initial ballot. If the posting is made on schedule, the results will be known in late October.

14. Adjourn

The Chair thanked ELCON for their hospitality and adjourned the meeting at 2:30 p.m. ET on Thursday, August 11, 2011.