

October 4, 2013

VIA ELECTRONIC FILING

David Erickson
President and Chief Executive Officer
Alberta Electric System Operator
2500, 330 - 5 Avenue SW
Calgary, Alberta
T2P 0L4

Re: *North American Electric Reliability Corporation*

Dear Mr. Erickson:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of Filing of the North American Electric Reliability Corporation of Proposed Reliability Standard PRC-025-1 (Generator Relay Loadability). NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

NERC understands the AESO may adopt the proposed reliability standards subject to Alberta legislation, principally as established in the *Transmission Regulation* (“the T Reg.”). Briefly, it is NERC’s understanding that the T Reg. requires the following with regard to the adoption in Alberta of a NERC Reliability Standard:

1. The AESO must consult with those market participants that it considers are likely to be directly affected.
2. The AESO must forward the proposed reliability standards to the Alberta Utilities Commission for review, along with the AESO’s recommendation that the Commission approve or reject them.
3. The Commission must follow the recommendation of the AESO that the Commission approve or reject the proposed reliability standards unless an

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interested person satisfies the Commission that the AESO's recommendation is "technically deficient" or "not in the public interest."

Further, NERC has been advised by the AESO that the AESO practice with respect to the adoption of a NERC Reliability Standard includes a review of the NERC Reliability Standard for applicability to Alberta legislation and electric industry practice. NERC has been advised that, while the objective is to adhere as closely as possible to the requirements of the NERC Reliability Standard, each NERC Reliability Standard approved in Alberta (called an "Alberta reliability standard") generally varies from the similar and related NERC Reliability Standard.

NERC requests the AESO consider Proposed Reliability Standard PRC-025-1 (Generator Relay Loadability) described in the attached filing for adoption in Alberta as an "Alberta reliability standard(s)", subject to the required procedures and legislation of Alberta.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Holly A. Hawkins

Holly A. Hawkins

*Assistant General Counsel for
North American Electric Reliability
Corporation*

Enclosure

**BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF PROPOSED RELIABILITY STANDARD PRC-025-1 (GENERATOR RELAY
LOADABILITY)**

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October 4, 2013

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**BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF PROPOSED RELIABILITY STANDARD PRC-025-1 (GENERATOR RELAY
LOADABILITY)**

The North American Electric Reliability Corporation (“NERC”) hereby submits proposed Reliability Standard PRC-025-1 – Generator Relay Loadability. Proposed Reliability Standard PRC-025-1 (**Exhibit A**) is just, reasonable, not unduly discriminatory or preferential, and in the public interest.¹ NERC also provides notice of the associated implementation plan (**Exhibit B**) and Violation Risk Factor (“VRF”) and Violation Severity Level (“VSL”) (included in **Exhibit A** and explained in **Exhibit E**). Proposed PRC-025-1 was developed to respond to Federal Energy Regulatory Commission (“FERC”) directives in Order No. 733² to address generator protective relay loadability.

NERC developed proposed Reliability Standard PRC-025-1 to meet FERC’s September 30, 2013 deadline³ to develop a new generator relay loadability Reliability Standard; however, proposed Reliability Standard PRC-025-1 approval should be delayed until proposed Reliability Standard PRC-023-3 – Transmission Relay Loadability is submitted as a supplement to this filing. Proposed PRC-023-3 will be presented to the Board for approval in November 2013 and

¹ Unless otherwise designated, all capitalized terms shall have the meaning set forth in the *Glossary of Terms Used in NERC Reliability Standards*, available at http://www.nerc.com/files/Glossary_of_Terms.pdf

² *Transmission Relay Loadability Standard*, Order No. 733, 130 FERC ¶ 61,221, at P 104-08 (2010), *order on reh’g and clarification*, Order No. 733-A, 134 FERC ¶ 61,127, *order on reh’g and clarification*, Order No. 733-B, 136 FERC ¶ 61,185 (2011).

³ NERC was granted a one-year extension of time until September 30, 2013 to develop a new generator relay loadability standard. See *Notice of Extension of Time*, Docket No. RM08-13-001 (issued Feb. 15, 2012).

filed by the end of the year. During the development of proposed Reliability Standard PRC-025-1, clarifying changes to PRC-023-2 were identified by the standard drafting team as necessary to establish a bright-line between the applicability of load-responsive protective relays in the transmission and generator relay loadability Reliability Standards. As a result, a supplemental Standard Authorization Request was approved by the Standards Committee at its January 16-17, 2013 meeting to authorize the standard drafting team to make the corresponding changes. Concurrent action should be taken on the proposed Reliability Standards PRC-025-1 and PRC-023-3 to preserve consistency between proposed Reliability Standards PRC-025 and PRC-023.

This filing presents the technical basis and purpose of proposed Reliability Standard PRC-025-1, a summary of the development history (**Exhibit F**), and a demonstration that the proposed Reliability Standard meets the criteria for Reliability Standards (**Exhibit C**). Proposed Reliability Standard PRC-025-1 was approved by the NERC Board of Trustees on August 15, 2013.⁴

I. EXECUTIVE SUMMARY

Proposed Reliability Standard PRC-025-1 addresses generator Facilities protective relay loadability. The proposed Reliability Standard is designed to prevent generator tripping when conditions do not pose a direct risk to the generator and associated equipment and will reduce the risk of unnecessary generator tripping—events that increase the severity of disturbances.

Proposed PRC-025-1 requires Generator Owners, Transmission Owners, and Distribution Providers to apply an appropriate setting for load-responsive relays based on calculations or simulations for conditions established in Attachment 1 of the proposed Reliability Standard. The Attachment 1 criteria are representative of the short-term conditions during which

⁴ See NERC Board of Trustees Agenda Item 7b, available at <http://www.nerc.com/gov/bot/BOT%20May%209%202013%20%20Boston%20MA/7b-Board%20Write-up%20Phase%20%20Relay%20Loadability%20Generation%20-%20PRC-025-1.pdf>.

generation Facilities have, in the past, disconnected when otherwise capable of providing Reactive Power resources. By minimizing these risks, proposed Reliability Standard PRC-025-1 serves the important reliability goal of limiting the risk for severe power system disturbances.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

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III. BACKGROUND

A. NERC Reliability Standards Development Procedure

The proposed Reliability Standard was developed in an open and fair manner and in accordance with the Reliability Standard development process. NERC develops Reliability Standards in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual.⁵ NERC's proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of

⁵ The NERC Rules of Procedure are available at <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>. The NERC Standard Processes Manual is available at http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf.

interests in developing Reliability Standards and thus satisfies certain of the criteria for approving Reliability Standards. The development process is open to any person or entity with a legitimate interest in the reliability of the Bulk-Power System. NERC considers the comments of all stakeholders, and a vote of stakeholders and the NERC Board of Trustees is required to approve a Reliability Standard before the Reliability Standard is submitted to the applicable governmental authorities.

B. History of Project 2010-13 Relay Loadability

a) PRC-023-1 — Transmission Relay Loadability

NERC developed Reliability Standard PRC-023-1 to address key August 14, 2003 blackout⁶ recommendations regarding relay loadability issues. Relay loadability issues were found to have played a pivotal role in accelerating and spreading the early part of the cascading outage in Ohio and Michigan during the blackout. Relay loadability refers to the ability of protective relays to restrain operation for load conditions. As protective relays can respond only to measured voltage and current, they must be set such that they will detect the faults for which they must operate while avoiding unnecessary operation under non-fault load conditions.

The currently-effective PRC-023-1 Reliability Standard required certain Transmission Owners, Generator Owners and Distribution Providers to set protective relays to maintain reliable protection for all fault conditions while meeting specified criteria to ensure settings do not contribute to cascading outages.

Reliability Standard PRC-023-1 specifically addresses Recommendation 8A⁷ approved by the NERC Board of Trustees in February 2004, and the U.S.-Canada Power System Outage

⁶ U.S.-Canada Power System Outage Task Force, *Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations*, at 80 (2004) (“2003 Blackout Report”).

⁷ NERC, *August 14, 2003 Blackout: NERC Actions to Prevent and Mitigate the Impacts of Future Cascading Blackouts*, at 13 (Feb. 10, 2004). Recommendation 8a of the NERC Blackout Report provides:

Task Force’s Recommendation 21A,⁸ “Make More Effective and Wider Use of System Protection Measures,” as included in the 2003 Blackout Report.

FERC issued a Notice of Proposed Rulemaking (“NOPR”) proposing to approve Reliability Standard PRC-023-1 on May 21, 2009.⁹ FERC approved Reliability Standard PRC-023-1 in Order No. 733. Also in the Final Rule, FERC directed NERC to: (1) make certain modifications to the approved Reliability Standard PRC-023-1; (2) submit a timeline for NERC’s development of a new Reliability Standard to address generator protective relay loadability; and (3) develop a new Reliability Standard addressing the issue of protective relay operation due to power swings.¹⁰

b) Project 2010-13

To respond to the directives in Order No. 733, NERC proposed to address FERC’s directives in three phases in Project 2010-13. Phase I focused on making specific modifications¹¹ to Reliability Standard PRC-023-1 identified in Order No. 733. Phase I was completed and the revised Reliability Standard PRC-023-2¹² became mandatory on July 1, 2012. Phase II has focused on developing a new Reliability Standard to address generator relay



All transmission owners shall, no later than September 30, 2004, evaluate the zone 3 relay settings on all transmission lines operating at 230 kV and above for the purpose of verifying that each zone 3 relay is not set to trip on load under extreme emergency conditions. In each case that a zone 3 relay is set so as to trip on load under extreme conditions, the transmission operator shall reset, upgrade, replace, or otherwise mitigate the overreach of those relays as soon as possible and on a priority basis, but no later than December 31, 2005. Upon completing analysis of its application of zone 3 relays, each transmission owner may no later than December 31, 2004, submit justification to NERC for applying zone 3 relays outside of these recommended parameters. The Planning Committee shall review such exceptions to ensure they do not increase the risk of widening a cascading failure of the power system.

⁸ 2003 Blackout Report at 156-59.
⁹ *Transmission Relay Loadability Standard*, Notice of Proposed Rulemaking, 127 FERC ¶ 61,175 (2009).
¹⁰ Order No. 733 at P 104-P 108.
¹¹ *Id.* at P 47.
¹² *Transmission Relay Loadability Standard*, Order No. 759, 138 FERC ¶ 61,197 (2012) (“Order No. 759”).

loadability as proposed in this filing. Phase III will focus on developing requirements that address relay operations due to power swings. Phase III is currently under development and is tentatively scheduled to be completed by December 2014. The NERC Planning Committee, on August 19, 2013, approved a System Protection and Control Subcommittee report¹³, developed with support from the System Analysis and Modeling Subcommittee, intended to inform the development process.

IV. JUSTIFICATION

As discussed in detail in **Exhibit C**, proposed Reliability Standard PRC-025-1 satisfies the criteria for Reliability Standards and is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The reliability benefits of proposed Reliability Standard PRC-025-1 are discussed below along with an explanation of how the proposed Reliability Standard satisfies FERC's directives related to generator relay loadability in Order 733. Also included is a detailed explanation of the content of Reliability Standard PRC-025-1 and associated changes in proposed Reliability Standard PRC-023-3, which is currently in formal development.

A. Reliability Benefits and Technical Explanation of Proposed Reliability Standard PRC-025-1

Analyses of power system disturbances over the last twenty-five years have found generators to have tripped unnecessarily—an occurrence that has the potential to extend the scope and duration of a disturbance. During the recovery phase of a disturbance, the disturbance may exhibit a “voltage disturbance” behavior pattern, wherein system voltage is widely depressed. In order to support the system during this phase of a disturbance, proposed Reliability Standard PRC-025-1 establishes criteria for setting load-responsive relays such that

¹³ *Protection System Response to Power Swings*, NERC System Protection and Control Subcommittee, approved by the NERC Planning Committee on August 19, 2013.

individual generators may provide Reactive Power within their dynamic capability during transient time periods. Premature or unnecessary tripping of generators during this period can increase the severity of the voltage disturbance making it essential to assure this dynamic capability is available to support system recovery.

Proposed Reliability Standard PRC-025-1 establishes a risk-based Requirement in which the Generator Owner, Transmission Owner, or Distribution Provider that applies load-responsive relays must identify the type of protective relay and its application, and apply an appropriate setting based on its calculations or simulations of conditions established in Attachment 1 to proposed Reliability Standard PRC-025-1.

NERC's proposed Reliability Standard PRC-025-1 addresses the issue of generator relay loadability by establishing a new Reliability Standard for load-responsive protective relays applied on generating Facilities for the conditions, namely depressed voltages, observed during the August 2003 blackout. Proposed Reliability Standard PRC-025-1 includes criteria for load-responsive protective relays on generator step-up ("GSU") transformers and on unit auxiliary transformers ("UAT") that supply station service power to support the on-line operation of generating units or generating plants. These transformers are referred to as station power, UATs, or station service transformer(s) and are used to provide overall auxiliary power to the generator station when the generator is running. Loss of these transformers will result in the removal of the generator from service.

The *Guidelines and Technical Justification* can be found in the Application Guidelines section the proposed Reliability Standard (**Exhibit A**). The document provides analysis of protective functions and generator performance addressed within this Reliability Standard. The relay setting criteria are based on the system conditions observed during the August 2003

Blackout. The criteria for relays applied on synchronous generators, GSU transformers, and Elements that connect the GSU transformer(s) to the Transmission system are based on the response of the synchronous generator to depressed Transmission System voltage. Under this condition the generator will respond by increasing its Reactive Power output to support its terminal voltage – a response known as field-forcing. The criteria for relays applied on these Elements are similar because relays applied on each of these Elements are challenged by the loadability condition resulting from the increased generator output. An allowance is made for relays applied on the transmission side of the GSU transformer to account for Reactive Power losses in the transformer.

The criteria for relays applied on asynchronous generators, their GSU transformers, and Elements that connect the GSU transformer(s) to the Transmission system are based on the response of the asynchronous generator to depressed Transmission System voltage.

Asynchronous generators do not have excitation systems and will not respond to a disturbance with the same magnitude of apparent power that a synchronous generator will respond.

However, asynchronous generators will support the system during a disturbance and the criteria account for the generator response and any static or dynamic Reactive Power devices that contribute to the power flow. The criteria for relays applied on these Elements are the same because relays applied on each of these Elements are challenged by the loadability condition resulting from the increased generator output. An allowance is not made for relays applied on the transmission side of the GSU transformer because the Reactive Power losses are not significant for asynchronous generators.

The criteria for relays applied on UAT transformers are based on the increased current requirements of station service load during a depressed voltage condition. In this the case the

current is based on the generator terminal voltage associated with a depressed system voltage. A conservative allowance is provided to avoid complex calculations for this load condition. As an alternative, entities may base the setting on actual current measured when the generator is operating at its maximum gross output.

Generator Owners, Transmission Owners, and Distribution Providers may at times find the relay setting criteria are in conflict with their desired protection goals. In such cases, it is suggested that entities consider the requirement within this Reliability Standard and its desired protection goals, and perform modifications to its protective relays or protection philosophies as necessary to achieve both.

B. FERC Directives Addressed

Proposed Reliability Standard PRC-025-1 addresses and meets FERC's directives in Order No. 733 related to generator relay loadability as outlined below.

a) Proposed Reliability Standard PRC-025-1 is aligned with the Requirements and expected outcome of PRC-023-1

FERC declined to adopt its NOPR proposal to require the previously approved Reliability Standard PRC-023-1 to address issues of generator step-up and auxiliary transformer loadability.¹⁴ FERC stated that "it does not matter if generator step-up and auxiliary transformer loadability is addressed in a separate Reliability Standard, so long as the ERO addresses the issue in a timely manner and in a way that is coordinated with the Requirements and expected outcome of PRC-023-1."¹⁵ In Order No. 733, FERC also stated:

We also expect that the ERO will develop the Reliability Standard addressing generator relay loadability as a new Standard, with its own individual timeline, and not as a revision to an existing Standard. While we agree that PRC-001-1 requires, among other things, the coordination of generator and transmission protection

¹⁴ *Id.* at P 104.

¹⁵ *Id.*

systems, we think that generator relay loadability, like transmission relay loadability, should be addressed in its own Reliability Standard if it is not to be addressed with transmission relay loadability.¹⁶

During the development of proposed Reliability Standard PRC-025-1, the standard drafting team and industry stakeholders identified potential compliance overlap and reliability gaps between Reliability Standard PRC-023-2 and proposed Reliability Standard PRC-025-1. Reliability Standard PRC-023-2 and proposed Reliability Standard PRC-025-1 overlap with regard to the application of load-responsive protective relays on transmission lines that connect the generating plant or generating units to the Transmission System. Proposed Reliability Standard PRC-025-1 introduced criteria for relays applied at the terminals of these lines. At the same time Requirement R1, Criterion 6 of Reliability Standard PRC-023-2 requires entities to “set transmission line relays applied on transmission lines connected to generation stations remote to load so they do not operate at or below 230% of aggregated generation nameplate capability.” The compliance overlap would result in a finding of a non-compliance with both Reliability Standards—generation and transmission—unless revisions are made to avoid overlap—two sets of Requirements applying to the same relay—between the two Reliability Standards.

Coordinating changes to Reliability Standard PRC-023-2 are necessary to properly align proposed Reliability Standard PRC-025-1 with Reliability Standard PRC-023-2. First, Requirement R1, Criterion 6 of PRC-023-2 was removed and the applicability section of PRC-023-2 was revised to exclude “Elements that connect the GSU transformer(s) to the Transmission system that are used exclusively to export energy directly from a Bulk Electric

¹⁶ *Id.* at P 106.

System generating unit or generating plant.” These changes avoid overlap with the requirements in PRC-025-1 that apply to these Facilities.

Second, PRC-025-1 was developed to include relay loadability requirements for all load responsive protective relays applied at the terminals of generators and GSU transformers.

Corresponding modifications are being developed to revise the applicability of PRC-023-3 and to remove section 2.4 of Attachment A to avoid overlap or gaps between the two proposed Reliability Standards. The applicability sections for the two proposed Reliability Standards are based on the location where the relays are applied and are independent of the intended protection function.

The proposed applicability for PRC-025-1 includes that all relays that may operate in response to increased generator output during stressed system conditions, assuring that these relays are addressed in one Reliability Standard. The loadability challenge presented to relays applied at the terminals of generators and GSU transformers is different than the transmission relay loadability conditions observed during the August 2003 Blackout. The transmission relay loadability requirements are based on assuring relays do not operate unnecessarily to trip transmission elements during conditions of depressed transmission system voltage (0.85 per unit) and high transmission power factor angle (30 degrees). Since the objective is to keep transmission Elements in service when the Elements are not at risk of thermal overloading, the setting requirements are based on the Facility Rating. Similarly, the generator relay loadability requirements ensure relays do not operate unnecessarily to trip generating units during depressed Transmission System voltage. However, the voltage and power factor conditions that challenge relays applied at the terminals of generators and GSU transformers are significantly different. The voltage and power factor angle will be higher, particularly for synchronous generators, due

to the increased Reactive Power output from the generator to support voltage at its terminals. For example, generator terminal voltage may approach 0.95 per unit during depressed transmission system voltage and the power factor angle may approach 60 degrees. The generator relay loadability requirements, therefore, are based on the generator capability rather than the Facility Rating of the generator or GSU transformer.

The protective relays applied at the terminals of generators and GSU transformers will be challenged by the increased generator output during stressed system conditions regardless of the intended protection function; *e.g.*, whether they are applied to protect the generator or GSU transformer, or to provide backup protection for the Transmission System. Thus, to prevent unnecessary tripping of the generator, the relay loadability requirements for these relays must be independent of the intended protection function.

The applicability requirements in PRC-025-1 and corresponding applicability proposed in PRC-023-3 address FERC's concern that all generator and GSU transformer load-responsive protective relays are subject to appropriate requirements in a Reliability Standard. Basing applicability on the physical location where the relay is applied provides the following advantages:

- (i) Facilitates establishing generator relay loadability requirements based on the physics associated with increased generator output during stressed system conditions.
- (ii) Avoids ambiguity whether the intended protection function is for the generating unit or the Transmission System. For example, a relay may be applied at the terminals of a generator to provide backup protection for the GSU transformer, but because the relay setting must "over-reach" the GSU transformer terminals

the relay inherently provides backup protection for the high-voltage bus and close-in portions of transmission lines.

- (iii) Provides clear division of applicability between the generator and transmission relay loadability Reliability Standards based on the physical location, independent of the entity that owns the relay.

b) Proposed Reliability Standard PRC-025-1 is Timely

In Order No. 733, FERC directed “the ERO to submit to the Commission an updated and specific timeline to explain when it expects to develop and submit this proposed Standard.” Further, FERC stated it “will not hesitate to direct the development of a new Reliability Standard if the ERO fails to propose a Standard in a timely manner.”¹⁷ NERC submitted a specific timeline to FERC. FERC granted a one-year extension of time to develop Reliability Standard for generator relay loadability on February 15, 2012, allowing NERC until September 30, 2013 to complete the Reliability Standard pursuant to Order No. 733.¹⁸ With this filing, NERC has timely submitted the proposed Reliability Standard.

c) Consideration of a Generic Rating Percentage for Generator Step-up Transformers

In Order No. 733, FERC encouraged NERC to “consider whether a generic rating percentage can be established for generator step-up transformers and, if so, determine that percentage.”¹⁹ Proposed Reliability Standard PRC-025-1 establishes a Requirement that each Generator Owner, Transmission Owner, and Distribution Provider to apply settings on its load-responsive protective relays for GSU transformers.

¹⁷ *Id.* at P 103.

¹⁸ *See Transmission Relay Loadability Reliability Standard*, Notice of Extension of Time Docket, No. RM08-13-001 (Feb. 15, 2012).

¹⁹ Order No. 733 at P 108.

For relays applied on the generator side of GSU transformers connected to synchronous generator units, the proposed Reliability Standard establishes settings based on 100 percent of the generator unit's maximum gross Real Power capability in megawatts (MW), as reported to the Transmission Planner, and Reactive Power capability, in megavoltampere-reactive (Mvar), equal to 150 percent of the MW value derived from the generator nameplate megavoltampere (MVA) rating at rated power factor. A similar generic criterion is established for relays applied at the high-side of GSU transformers connected to synchronous generators,

For relays applied at the generator side of GSU transformers connected to asynchronous generator units, the proposed Reliability Standard establishes settings based on 130 percent of the generator unit's aggregate installed maximum rated MVA output (including the Mvar output of any static or dynamic reactive power devices) of the aggregated generators at rated power factor. Asynchronous generator criteria also include inverter-based installations. A similar generic criterion is established for relays applied at the high-side of GSU transformers connected to asynchronous generators,

While these generic criteria achieve the goal of simplifying the calculations necessary to establish relay settings, these generic criteria are conservative to assure they provide adequate relay loadability for all applications. In some cases these generic criteria may be overly conservative due to limitations of the generating unit. To address such cases, proposed Reliability Standard PRC-025-1 provides multiple options for most applications, allowing entities to use simpler calculations yielding more restrictive settings, more complex calculations yielding less restrictive settings, or based on the modeled output of the generating plant or generating unit.

C. Requirement in Proposed Reliability Standard PRC-025-1

Proposed Reliability Standard PRC-025-1 establishes one Requirement for relay settings on each load-responsive protective relay. The Requirement is as follows:²⁰

R1. Each Generator Owner, Transmission Owner, and Distribution Provider shall apply settings that are in accordance with PRC-025-1 – Attachment 1: Relay Settings, on each load-responsive protective relay while maintaining reliable fault protection. *[Violation Risk Factor: High][Time Horizon: Long-Term Planning]*.

Requirement R1 is risk-based. For ease of use, a table providing the relevant criteria was developed including application, relay type, voltage to consider, and the pickup setting. The criteria table is listed in Attachment 1 of proposed Reliability Standard PRC-025-1. Based on the criteria table, an entity must set its load-responsive relay to the appropriate setting based on the entity's calculation or simulation for the specified conditions. Each responsible entity must be aware of each protective relay subject to the proposed Reliability Standard and set the relay using an appropriate option established in the criteria table. The proposed Reliability Standard furthers reliability by establishing setting criteria to prevent operation for short-term conditions during which generation Facilities are capable of providing the system with increased Reactive Power. It is under these circumstances that generation Facilities have historically been disconnected. In previous disturbance events, the disconnecting of generation Facilities has increased the severity of the event.

The basis for the proposed Reliability Standard's loadability criteria for relays applied at the terminals of synchronous generators or low-side of the GSU transformer are the dynamic generating unit loading values observed during the August 2003 blackout, other subsequent system events, and simulations of generating unit response to similar system conditions. The

²⁰ A full technical justification is included in **Exhibit A**.

Reactive Power output observed during field-forcing in these events and simulations approaches a value equal to 150 percent of the Real Power (MW) capability of the generating unit when the generator is operating at its Real Power capability. In the System Protection and Control Subcommittee technical reference document²¹, two operating conditions were examined based on these events and simulations: (1) when the unit is operating at rated Real Power in MW with a level of Reactive Power output in Mvar which is equivalent to 150 percent times the rated MW value (representing some level of field-forcing); and (2) when the unit is operating at its declared low active Real Power operating limit (*e.g.*, 40 percent of rated Real Power, with a level of Reactive Power output in Mvar which is equivalent to 175 percent times the rated MW value (representing some additional level of field-forcing)).

Both conditions above are evaluated with the GSU transformer high-side voltage at 0.85 per unit. These load operating points are believed to be conservatively high levels of Reactive Power out of the generator with a 0.85 per unit high-side voltage which is based on these observations. However, the drafting team evaluated the benefit of defining two operating points and determined, for the purposes of this proposed Reliability Standard, that the second load point (40 percent) offered no additional benefit and only increased the complexity for an entity to determine how to comply with the Reliability Standard. Given the conservative nature of the criteria, which may not be achievable by all generating units, an alternate method is provided to determine the Reactive Power output by simulation. In addition, to account for Reactive Power losses in the GSU transformer, a reduced level of output of 120 percent times the rated MW value is provided for relays applied at the high-side of the GSU transformer and on Elements that

²¹ *Technical Reference Document: Power Plant and Transmission System Protection Coordination – Revision I*, NERC System Protection and Control Subcommittee (Jul. 2010), available at <http://www.nerc.com/docs/pc/spctf/Gen%20Prot%20Coord%20Rev1%20Final%2007-30-2010.pdf>. The technical reference document was approved by the NERC Planning Committee on July 30, 2010.

connect a GSU transformer to the Transmission system and are used exclusively to export energy directly from a Bulk Electric System generating unit or generating plant.

The basis for the proposed Reliability Standard's loadability criteria for relays applied at the terminals of asynchronous generators or low-side of the GSU transformer is the expected dynamic generating unit loading for the same system conditions used for synchronous generators. Asynchronous generators do not have excitation systems and will not respond to a disturbance with the same magnitude of apparent power that a synchronous generator will respond. However, asynchronous generators will support the system during a disturbance.

The generator output used to determine settings is derived from 130 percent of the maximum aggregate nameplate MVA output at rated power factor including the Mvar output of any static or dynamic Reactive Power devices. This is determined by summing the total MW and Mvar capability of the generation equipment behind the relay and any static or dynamic Reactive Power devices that contribute to the power flow through the relay. This calculation approximates the stressed system conditions.

Asynchronous generators do not produce as much Reactive Power as synchronous generators; the voltage drop due to Reactive Power flow through the GSU transformer is not as significant. Therefore, the generator bus voltage can be conservatively estimated by reflecting the high-side nominal voltage to the generator-side based on the GSU transformer's turns ratio and the setting basis is the same for relays on either side of the GSU transformer, and for relays applied on Elements that connect a GSU transformer to the Transmission system and are used exclusively to export energy directly from a Bulk Electric System generating unit or generating plant.

The basis for the proposed Reliability Standard's loadability criteria for relays applied on UATs is based on the expected performance of station service load during depressed system voltage. The performance of the UAT loads during stressed system conditions is very difficult to determine. Rather than requiring responsible entities to determine the response of UAT loads to depressed voltage, the technical experts writing the proposed Reliability Standard elected to increase the margin to 150 percent from that used elsewhere in this proposed Reliability Standard (e.g., 115 percent) and use a generator bus voltage of 1.0 per unit. A minimum pickup current based on 150 percent of maximum transformer nameplate MVA rating at 1.0 per unit generator bus voltage will provide adequate transformer protection based on IEEE C37.91²² at full load conditions while providing sufficient relay loadability to prevent a trip of the UAT, and subsequent unit trip, due to increased UAT load current during stressed system voltage conditions.

Because of the various design and loading characteristics of UATs, two options are provided to accommodate an entity's protection philosophy while preventing the UAT transformer phase time overcurrent relays from operating during the dynamic conditions anticipated by this proposed Reliability Standard. These options are based on the transformer bus voltage corresponding to 1.0 per unit nominal voltage on the high-side winding of the UAT. For the first option, the overcurrent element shall be set greater than 150 percent of the calculated current derived from the UAT maximum nameplate MVA rating. This is a simple calculation that approximates the stressed system conditions. For the second option, the overcurrent element shall be set greater than 150 percent of the UAT measured current at the generator maximum gross MW capability reported to the Transmission Planner. This allows for a

²² IEEE Guide for Protecting Power Transformers, *IEEE Std C37.91-2008 (Revision of IEEE Std C37.91-2000)* (2008).

reduced setting pickup compared to the first option. This is a more involved calculation that approximates the stressed system conditions by allowing the entity to consider the actual load placed on the UAT based on the generator's maximum gross MW capability reported to the Transmission Planner.

D. Enforceability of PRC-025-1

The proposed Reliability Standard PRC-025-1 contains a Measure that supports the Requirement by clearly identifying acceptable evidence of compliance and how the Requirement will be enforced. The Implementation Plan also discusses the documentation necessary to comply with the proposed Reliability Standard. The VSL provides further guidance on the way that NERC will enforce the Requirements of the proposed Reliability Standard. The VRF and VSL for the proposed Reliability Standard comport with NERC guidelines related to their assignment. The VSL has been developed based on the situations an auditor may encounter during a compliance audit. For a detailed review of the VRF, VSL, and the analysis of how the VRF and VSL were developed using these guidelines, see **Exhibit E**.

Respectfully submitted,

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EXHIBITS A – B; D – G

(Available on the NERC Website at

http://www.nerc.com/fileUploads/File/Filings/Attachments_PRC-025-1_filing)

Exhibit C -- Reliability Standards Criteria

Reliability Standards Criteria

The discussion below explains how the proposed Reliability Standard has met or exceeded the Reliability Standards criteria:

1. Proposed Reliability Standards must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve that goal.

Proposed Reliability Standard PRC-025-1 achieves the specific reliability goal of decreasing the severity of voltage disturbance during time periods during which generators have been known to trip unnecessarily. The proposed Reliability Standard prevents premature or unnecessary tripping of generators during such periods by setting criteria to ensure generators are able to provide Reactive Power within their dynamic capacity during transient periods. Proposed Reliability Standard PRC-025-1 contains a technically sound means to achieve this goal by requiring applicable entities to apply settings in accordance with the criteria table in Attachment 1 of the proposed Reliability Standard. The Table provides specific setting criteria for load-responsive protective relays in a variety of scenarios. Several options are available to assist Entities in achieving this important reliability goal.

This limits the severity of voltages disturbances as well as preventing the change of the disturbance's character into one from which the Bulk Electric System requires longer to recover. Performance of the proposed Reliability Standard's criteria by the requisite entities will improve the reliability of the Bulk Electric System during disturbances by preventing the reoccurrence of excessive generator tripping.

2. Proposed Reliability Standards must be applicable only to users, owners and operators of the bulk power system, and must be clear and unambiguous as to what is required and who is required to comply.

The proposed Reliability Standard applies to Generator Owners, Transmission Owners, and Distribution Providers. The proposed Reliability Standard is clear and unambiguous as to what is required and who is required to comply. The proposed Reliability Standard clearly lists the types of Facilities subject to compliance. Table 1 in the proposed Reliability Standard is clear and provides information by application, relay type, voltage, and pickup setting. This proposed Reliability Standard is designed to comport with proposed Reliability Standard PRC-023-3, which is still under development and scheduled to be filed with the applicable governmental authorities by the end of calendar year 2013.

3. A proposed Reliability Standard must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation.

The Violation Risk Factor (“VRF”) and Violation Severity Level (“VSL”) for the proposed Reliability Standard comport with NERC guidelines related to their assignment. The assignment of the severity level for the VSL is consistent with the corresponding Requirement and will ensure uniformity and consistency in the determination of penalties. The VSL does not use any ambiguous terminology, and supports uniformity and consistency in the determination of similar penalties for similar violations. For these reasons, the proposed Reliability Standard includes clear and understandable consequences.

4. A proposed Reliability Standard must identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner.

The proposed Reliability Standard contains a Measure that supports the Requirement by clearly identifying what is required and how the Requirement will be enforced. The Measure is as follows:

For each load-responsive protective relay, each Generator Owner, Transmission Owner, and Distribution Provider shall have evidence (e.g., summaries of calculations, spreadsheets, simulation reports, or setting sheets) that settings were applied in accordance with PRC-025-1 – Attachment 1: Relay Settings.

5. Proposed Reliability Standards should achieve a reliability goal effectively and efficiently — but do not necessarily have to reflect “best practices” without regard to implementation cost or historical regional infrastructure design.

The proposed Reliability Standard achieves the reliability goal effectively and efficiently. The proposed Reliability Standard effectively addresses technical issues identified in Reliability Standard PRC-023-2 and makes clear what is required with regard to generator-based relays. As proposed, the standard provides several options and approaches for setting relays allowing opportunity for efficient compliance with this and proposed Reliability Standard PRC-023-3.

6. Proposed Reliability Standards cannot be “lowest common denominator,” *i.e.*, cannot reflect a compromise that does not adequately protect Bulk-Power System reliability. Proposed Reliability Standards can consider costs to implement for smaller entities, but not at consequences of less than excellence in operating system reliability.

The proposed Reliability Standard does not reflect a “lowest common denominator” approach. This proposed Reliability Standard is designed address FERC’s concern with generator relay loadability identified in Order No. 733. This standard raises the level of reliability by providing relay loadability requirements for generating Facilities that, along with

proposed Reliability Standard PRC-023-3 prevent tripping of generating Facilities for system conditions such as those observed during the August 2003 Blackout.

- 7. Proposed Reliability Standards must be designed to apply throughout North America to the maximum extent achievable with a single Reliability Standard while not favoring one geographic area or regional model. It should take into account regional variations in the organization and corporate structures of transmission owners and operators, variations in generation fuel type and ownership patterns, and regional variations in market design if these affect the proposed Reliability Standard.**

The proposed Reliability Standard applies throughout North America and does not favor one geographic area or regional model.

- 8. Proposed Reliability Standards should cause no undue negative effect on competition or restriction of the grid beyond any restriction necessary for reliability.**

Proposed Reliability Standard PRC-025-1 has no undue negative effect on competition. It requires the same performance by the Distribution Provider, Generator Owner, and Transmission Owner in the setting of its load-responsive protective relays to prevent generator tripping when conditions do not pose a direct risk to the generator and associated equipment and will reduce the risk of unnecessary generator tripping—events that increase the severity of disturbances. It also does not unreasonably restrict transmission or generation operation on the bulk power system beyond any restriction necessary for reliability. These setting criteria are intended to allow generation Facilities to be operated to their full capability and do not impose any restrictions on operation of generation Facilities to which the Reliability Standard applies or to overall operation of the Bulk-Power System. Proposed Reliability Standard PRC-025-1 offers general calculations or more advanced simulation for determining settings. This does not create an unduly preferential manner as it allows entities to manually perform calculations, use general business

tools, or utilize more advanced analytical tools such as power system modeling and simulation applications.

9. The implementation time for the proposed Reliability Standard is reasonable.

The proposed effective dates for the Reliability Standard appropriately balance the urgency to implement the standard against the time needed by those who must comply to develop necessary procedures, software, facilities, staffing or other relevant capability, and in cases where existing load-responsive protective relays require replacement or removal, time to design modifications, procure equipment, and schedule necessary Facility outages.

To allow requisite covered Entities adequate and reasonable time to comply with the standard, the implementation period is based on two time frames. The first time frame is provided if the Generator Owner, Transmission Owner, or Distribution Provider determines that its existing load-responsive protective relays are capable of achieving compliance with the standard while maintaining reliable fault protection. A second and extended time frame is provided if the Generator Owner, Transmission Owner, or Distribution Provider determines that its existing load-responsive protective relays require replacement or removal. The proposed effective dates are further explained in the proposed implementation plan, attached as **Exhibit B**.

While still under development, the proposed Reliability Standard PRC-023-3 implementation plan will be designed to align with the implementation plan attached to this proposed Reliability Standard. NERC is requesting concurrent approval of the two proposed Reliability Standard in order to properly coordinate implementation timing.

10. The Reliability Standard was developed in an open and fair manner and in accordance with the Reliability Standard development process.

The proposed Reliability Standard was developed in accordance with NERC's ANSI-accredited processes for developing and approving Reliability Standards. **Exhibit F** includes a

summary of the Reliability Standard development proceedings, and details the processes followed to develop the Reliability Standard. These processes included, among other things, multiple comment periods, pre-ballot review periods, and balloting periods. Additionally, all meetings of the standard drafting team were properly noticed and open to the public. The initial and recirculation ballots both achieved a quorum and exceeded the required ballot pool approval levels.

11. NERC must explain any balancing of vital public interests in the development of proposed Reliability Standards.

NERC has identified no competing public interests regarding the request for approval of the proposed Reliability Standard. No comments were received that indicated the proposed Reliability Standards conflict with other vital public interests.

12. Proposed Reliability Standards must consider any other appropriate factors.

No other factors relevant to whether the proposed Reliability Standard is just and reasonable were identified.