

March 20, 2014

**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 Interpretation of Regional Reliability Standard TOP-007-WECC-1. 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 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

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approved in Alberta (called an “Alberta reliability standard”) generally varies from the similar and related NERC Reliability Standard.

NERC requests the AESO consider Interpretation of Regional Reliability Standard TOP-007-WECC-1, as 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

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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 INTERPRETATION OF REGIONAL RELIABILITY STANDARD  
TOP-007-WECC-1**

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*Counsel for the North American Electric  
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March 20, 2014

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**Exhibit A** Proposed Interpretation of Regional Reliability Standard TOP-007-WECC-1

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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 INTERPRETATION OF REGIONAL RELIABILITY STANDARD  
TOP-007-WECC-1**

The North American Electric Reliability Corporation (“NERC”) hereby submits a proposed Interpretation of Requirement R1 of regional Reliability Standard TOP-007-WECC-1. Proposed regional Reliability Standard TOP-007-WECC-1a (**Exhibit A**), an Interpretation of regional Reliability Standard TOP-007-WECC-1, is just, reasonable, not unduly discriminatory or preferential, and in the public interest.<sup>1</sup>

This filing presents the technical basis and purpose of proposed regional Reliability Standard TOP-007-WECC-1a and a summary of the development history (**Exhibit D**). Proposed regional Reliability Standard TOP-007-WECC-1a was approved by the NERC Board of Trustees on February 6, 2014.

**I. EXECUTIVE SUMMARY**

Arizona Public Service (“APS”) is a Transmission Operator for certain Transmission Facilities within Western Electricity Coordinating Council (“WECC”) Path 49 and other designated WECC paths. There are several other Transmission Operators with facilities within Path 49.

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<sup>1</sup> 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](http://www.nerc.com/files/Glossary_of_Terms.pdf)

On February 8, 2013, APS filed with WECC a Request for Interpretation of regional Reliability Standard TOP-007-WECC-1 seeking confirmation that regional Reliability Standard TOP-007-WECC-1 applies only to Transmission Operators, as defined in the NERC Glossary of Terms<sup>2</sup>, and not to Path Operators, a designation used only by WECC. The Interpretation request is specific to the Applicability section and Requirement R1 of the regional Reliability Standard.

While Path Operators are not expressly mentioned in regional Reliability Standard TOP-007-WECC-1, they sometimes act as Transmission Operators and, in that capacity, could have compliance obligations under the regional Reliability Standard. APS states that ambiguity in this area can lead to confusion as to the authority and responsibility of Transmission Operators to take action in certain circumstances. In addition, these open questions have in the past and could again place Transmission Operators at risk of noncompliance, and could have negative implications for regional reliability.

The proposed Interpretation clarifies that regional Reliability Standard TOP-007-WECC-1, specifically Requirement R1, applies only to Transmission Operators. This is because NERC Functional Model Version 4<sup>3</sup>, in effect at the time the regional Reliability Standard was drafted, did not include Path Operators as an approved applicable entity. As such, WECC's standard drafting team was not authorized to include Path Operators as Responsible Entities under the regional Reliability Standard.

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<sup>2</sup> Glossary of Terms Used in Reliability Standards, pg. 77, available at: [http://www.nerc.com/files/glossary\\_of\\_terms.pdf](http://www.nerc.com/files/glossary_of_terms.pdf).

<sup>3</sup> NERC Function Model Version 4 is available at: [http://www.nerc.com/pa/Stand/Functional%20Model%20Archive/Functional\\_Model\\_V4\\_CLEAN\\_2008Dec01.pdf](http://www.nerc.com/pa/Stand/Functional%20Model%20Archive/Functional_Model_V4_CLEAN_2008Dec01.pdf). Note: Version 5 of the NERC Function Model is currently effective. Version 5 does not include "Path Operator" as an approved Responsible Entity.

The proposed Interpretation of regional Reliability Standard TOP-007-WECC-1 neither expands on any Requirement nor explains how to comply with any Requirement. The proposed Interpretation provides only guidance on the meaning of the Applicability section and Requirement R1 based on WECC and NERC Reliability Standard Development Procedures.

## **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**

NERC develops Reliability Standards and Interpretations in accordance with Section 300 (Reliability Standards Development) of its Rules of Procedure and the NERC Standard Processes Manual.<sup>4</sup> NERC's proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards and Interpretations and thus satisfies certain of the criteria for approving Reliability

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<sup>4</sup> 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](http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf).

Standards and Interpretations. 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 Reliability Standards and Interpretations before they are submitted to the applicable governmental authorities.

The proposed Interpretation was developed in an open and fair manner and in accordance with the Reliability Standard development process. All persons who are directly or materially affected by the reliability of the North American Bulk-Power System are permitted to request an Interpretation of a Reliability Standard, as discussed in NERC's Reliability Standards Development Procedure ("RSDP"), which is incorporated into the Rules of Procedure as Appendix 3A. Upon request, NERC will assemble a team with the relevant expertise to address the Interpretation request and present an Interpretation for industry ballot. If approved by the ballot pool and the NERC Board of Trustees, the Interpretation is appended to the Reliability Standard and filed with the Federal Energy Regulatory Commission ("FERC") and applicable governmental authorities in Canada to be made effective when approved.

In this case, APS requested an Interpretation from WECC, a NERC Regional Entity, of a regional Reliability Standard—TOP-007-WECC-1—that applies only in the WECC region. WECC's RSDP are aligned with that of NERC's, described above, and contain guidelines for developing Interpretations.<sup>5</sup> While WECC was responsible for initiating the Interpretation development process, both the NERC and WECC RSDP require approval of proposed Interpretations by both the NERC and WECC Boards.

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<sup>5</sup> The WECC Regional Standards Development Procedures are available at: <http://www.wecc.biz/library/WECC%20Documents/Business%20and%20Governance%20Documents/WECC%20Reliability%20Standards%20Development%20Procedures.pdf>.



When the affected Reliability Standard is next revised according to the Reliability Standards Development Procedure, the Interpretation will be incorporated into the Reliability Standard.

**B. History of Interpretation of TOP-007-WECC-1**

On February 8, 2013, APS filed a Request for Interpretation of regional Reliability Standard TOP-007-WECC-1. The Interpretation request was specific to the Applicability section and Requirement R1 of the regional Reliability Standard. The WECC Standards Committee tasked the original standard drafting team to develop the Interpretation. The Interpretation was approved by the WECC Board on December 5, 2013 and by the NERC Board on February 6, 2014.

A summary of the Interpretation development history and complete record of development is attached at **Exhibit D**.

**IV. JUSTIFICATION**

The basis and purpose of the Interpretation of regional Reliability Standard TOP-007-WECC-1 and the justification for the proposed Interpretation are set forth below.

**A. Scope of the Interpretation Request**

APS' Interpretation Request seeks clarification regarding the Applicability section and Requirement R1 of regional Reliability Standard TOP-007-WECC-1. Specifically, APS is seeking confirmation that regional Reliability Standard TOP-007-WECC-1 applies only to Transmission Operators, as defined in the NERC Glossary of Terms, and not to Path Operators, a designation used only by WECC. The relevant sections of the regional Reliability Standard are as follows:

- A. Introduction
  - 4. Applicability
    - 4.1. Transmission Operators for the transmission paths in the most current Table titled “Major WECC Transfer Paths in the Bulk Electric System” provided at <http://www.wecc.biz/Standards/Approved%20Standards/Supporting%20Tables/Table%20Major%20Paths%204-28-08.pdf>.
- B. Requirements
  - R1. When the actual power flow exceeds an SOL for a Transmission path, the Transmission Operators shall take immediate action to reduce the actual power flow across the path such that at no time shall the power flow for the Transmission path exceed the SOL for more than 30 minutes.

Historically, in the WECC Region, Path Operators were assigned to each WECC transfer path that is subject to regional Reliability Standard TOP-007-WECC-1. However, regional Reliability Standards may not be applicable to Responsible Entities not recognized in the NERC Functional Model. A Path Operator was not recognized as a Responsible Entity by NERC Function Model Version 4, in effect when regional Reliability Standard TOP-007-WECC-1 was under development, nor is a Path Operator addressed in NERC’s Statement of Compliance Registry Criteria<sup>6</sup>. WECC follows its RSDP in developing Reliability Standards. Because WECC’s RSDP is, by design, aligned with NERC’s Function Model, Path Operators cannot and are not listed as Responsible Entities in regional Reliability Standard TOP-007-WECC-1, and, as such, cannot, with the exception of any responsibilities they may have in their capacity as Transmission Operators for facilities in their respective Transmission Operator Areas, have compliance obligations under regional Reliability Standard TOP-007-WECC-1, according to APS.

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<sup>6</sup> NERC’s Statement of Compliance Registry Criteria is available at: [http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/Appendix\\_5B\\_RegistrationCriteria\\_20140701.pdf](http://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/Appendix_5B_RegistrationCriteria_20140701.pdf).

Even in situations where a WECC Path Operator is acting as a Transmission Operator, the WECC Path Operator has authority only in its assigned Transmission Operator Area and not in other Transmission Operator Areas that may be a part of the Path, or over others Transmission Operators contained therein.

APS asserts that clarification is particularly necessary because, in certain situations, a Path may involve multiple Transmission Operator Areas. Compliance obligations of Transmission Operators under regional Reliability Standard TOP-007-WECC-1 in such situations are unclear and open to interpretation given the possibility for confusion regarding the roles and responsibilities of Path Operators in those circumstances.

Such ambiguity can, according to APS, lead to a lack of clarity regarding the authority and responsibility, or lack thereof, of Transmission Operators to take action to reduce flows on Transmission Paths following an SOL exceedance, particularly on Transmission Paths that are not within their assigned Transmission Operator Area, which could lengthen the exceedance.

APS states that these open questions have in the past and could again place Transmission Operators at risk of noncompliance, and could have negative implications for regional reliability.

## **B. Justification**

The Requirements are the most critical element of a Reliability Standard. As described above, APS noted in its Request for Interpretation that a lack of clarity in Applicability and in Requirement R1 of regional Reliability Standard TOP-007-WECC-1 could have potentially significant non-compliance risks for regional entities, and could adversely affect regional reliability. The proposed Interpretation clarifies that regional Reliability Standard TOP-007-WECC-1, specifically Requirement R1, applies only to Transmission Operators.

An Interpretation cannot and should not be used to substantively change a Reliability Standard, as acknowledged on the NERC Request for an Interpretation of a Reliability Standard form. The proposed Interpretation of regional Reliability Standard TOP-007-WECC-1 contains information that is intended to be used only for guidance purposes.

The NERC Standard Process Manual states that a “valid Interpretation response provides additional clarity about one or more Requirements, but does not expand on any Requirement and does not explain how to comply with any Requirement.”<sup>7</sup>

The proposed Interpretation of regional Reliability Standard TOP-007-WECC-1 neither expands upon any Requirement nor explains how to comply with any Requirement. The proposed Interpretation provides guidance on the meaning of the Applicability section and Requirement R1 based on WECC and NERC RSDP.

APS requested clarification that WECC Path Operators do not have compliance obligations under regional Reliability Standard TOP-007-WECC-1 in their roles as Path Operators but, that if a Path Operator is acting as a Transmission Operator of Facilities in a particular WECC Path, by acting as a Transmission Operator, the Path Operator would have compliance obligations under regional Reliability Standard TOP-007-WECC-1 as to the Path Facilities in its assigned Transmission Operator Area and would not have any compliance obligations under regional Reliability Standard TOP-007-WECC-1 as to Transmission Facilities outside its assigned Transmission Operator Area.

In response to APS’ Interpretation request, WECC tasked the standard drafting team responsible for regional Reliability Standard TOP-007-WECC-1 with developing an Interpretation. That team developed, and the industry stakeholders approved, the following Interpretation:

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<sup>7</sup> NERC Standard Process Manual at p. 27.

*APS' Request is governed by the Procedures, Step 3 – Drafting Team Begins Drafting Phase and Submits Draft Standard to WSC, at page 6, stating:*

*“All WECC Standards will follow a standard format that refers to the “Responsible Entities” included in the NERC Functional Model and includes compliance measures according to the WECC standard template.”*

*The NERC Functional Model 4, in effect at the time the standard was drafted, did not include Path Operators as an approved applicable entity; therefore, the document only applies to the stated Transmission Operators and does not apply to Path Operators.*

*Neither the TOP's predecessor document, TOP-STD-007-0, Operating Transfer Capability, nor TOP-007-WECC-1, System Operating Limits, lists the Path Operator as an applicable entity. Both list the Transmission Operator. Even though TOP-STD-007-0 referred to an Operating Agent in the column header of its Attachment A, that reference did not impose a task or responsibility on a Path Operator nor did its reference change the applicability of the document to any entity other than the Transmission Operator.*

*During the development of TOP-STD-007-0, the drafting team acknowledged that certain tasks were generally being performed by Path Operators; however, the Procedures prohibited assigning tasks to a Path Operator because the Path Operator is not “included in the NERC Functional Model.”*

Respectfully submitted,

/s/ Brady A. Walker

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*Counsel for the North American Electric  
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Date: March 20, 2014

**Exhibits A – E**

**(Available on the NERC Website at**

**[http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/Attachments\\_TO\\_P-007-WECC-1-Interp\\_filing.pdf](http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/Attachments_TO_P-007-WECC-1-Interp_filing.pdf)**)