February 25, 2021

VIA ELECTRONIC FILING

Marija Tresoglavic, Acting Commission Secretary  
British Columbia Utilities Commission  
Box 250, 900 Howe Street  
Sixth Floor  
Vancouver, B.C.  
V6Z 2N3

Re: North American Electric Reliability Corporation

Dear Ms. Tresoglavic:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of Filing of the North American Electric Reliability Corporation of Proposed Reliability Standard FAC-008-5 – Facility Ratings. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

Please contact the undersigned if you have any questions concerning this filing.

Sincerely,

/s/ Lauren Perotti

Lauren Perotti  
Senior Counsel for the North American Electric Reliability Corporation
BEFORE THE
BRITISH COLUMBIA UTILITIES COMMISSION
OF THE PROVINCE OF BRITISH COLUMBIA

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF PROPOSED
RELIABILITY STANDARD FAC-008-5 – FACILITY RATINGS

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February 25, 2021
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BEFORE THE
BRITISH COLUMBIA UTILITIES COMMISSION
OF THE PROVINCE OF BRITISH COLUMBIA

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF PROPOSED RELIABILITY STANDARD FAC-008-5 – FACILITY RATINGS

The North American Electric Reliability Corporation (“NERC”) hereby submits proposed Reliability Standard FAC-008-5 (Facility Ratings).

Proposed Reliability Standard FAC-008-5 reflects the retirement of Requirement R7 of the currently effective standard. This proposal was recommended following the first phase of work under the NERC Standards Efficiency Review. This initiative, which began in 2017, reviewed the body of NERC Reliability Standards to identify those Reliability Standards and requirements that were administrative in nature, duplicative to other standards, or provided no benefit to reliability. As explained more fully herein, currently effective Reliability Standard FAC-008-3 Requirement R7 is redundant to those in other Reliability Standards and is not needed for reliability. Other Reliability Standard provisions help ensure that the entities that have the responsibility to plan and operate the Bulk Power System have the data they need for operations and planning. In its Order No. 873 remanding a previously proposed version of the FAC-008 Reliability Standard, the Federal Energy Regulatory Commission (“FERC”) agreed that the retirement of Requirement R7 from the standard would not result in a reliability gap.¹

¹ Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards under the NERC Standards Efficiency Review, Order No. 873, 172 FERC ¶ 61,225 at P 38 (2020) [hereinafter Order No. 873].
Proposed Reliability Standard FAC-008-5, as shown in **Exhibit A**, is just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC also provides notice of: (i) the associated Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) (**Exhibit D**), which are generally unchanged from the currently effective version of the standard; (ii) the retirement of currently effective Reliability Standard FAC-008-3; and (iii) the proposed implementation plan (**Exhibit B**).

This filing presents the technical basis and purpose of the proposed Reliability Standard, a demonstration that the proposed standard meets the Reliability Standards criteria (**Exhibit C**), and a summary of the standard development history (**Exhibit E**). The NERC Board of Trustees adopted the proposed Reliability Standard on February 4, 2021.

This filing is organized as follows: Section I of the filing provides the individuals to whom notices and communications related to the filing should be provided. Section II provides relevant background regarding: (i) the Standards Efficiency Review and FERC’s Order No. 873 regarding previous NERC proposals originating from this initiative; and (ii) information on the development of proposed Reliability Standard FAC-008-5. Section III of the filing provides an overview and justification for proposed Reliability Standard FAC-008-5. Section IV of the filing provides a summary of the proposed implementation plan.
I. NOTICES AND COMMUNICATIONS

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

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II. BACKGROUND

A. NERC Reliability Standards Development Procedure

Proposed Reliability Standard FAC-008-5 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.²

NERC’s rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards, and thus satisfy several of the Reliability Standards criteria for approving Reliability Standards. The development process is open to any person or entity with a legitimate interest in the reliability of the BPS. NERC considers the comments of all stakeholders. Stakeholders must approve, and the NERC Board of Trustees must adopt, a new or revised Reliability Standard before NERC submits the Reliability Standard to the applicable governmental authorities.

B. The Standards Efficiency Review and Order No. 873

After a decade of developing and implementing mandatory Reliability Standards in North America, NERC launched the Standards Efficiency Review in 2017. This comprehensive, multi-year review project comprised a key element of NERC’s plan to achieve its long-term strategic goal of establishing risk-based controls to minimize BPS reliability risk while also driving operational efficiencies and effectiveness.3

For the first phase of work, review teams consisting of industry experts in Real-time operations, long-term planning, and operations planning performed a comprehensive review of the operations and planning Reliability Standards. The purpose of this review was to identify Reliability Standard requirements that provide little or no benefit to reliability and should be retired. NERC then initiated the standard development process to consider the retirement recommendations resulting from the phase one work.

In June 2019, following the conclusion of the standard development process, NERC submitted a series of standard retirement proposals to the applicable governmental authorities.4 Among the proposals, NERC submitted for approval proposed Reliability Standard FAC-008-4, in which NERC proposed to retire Requirements R7 and R8 of currently effective Reliability Standard FAC-008-3.

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4 See Notice of Filing of NERC of Revised and Retired Reliability Standards under the NERC Standards Efficiency Review, (June 20, 2019) (proposals relating to retirements in the FAC, INT, MOD, and PRC Reliability Standards families) and Notice of Filing of NERC of Reliability Standards IRO-002-7, TOP-001-5, and VAR-001-6, (June 20, 2019). NERC subsequently withdrew its VAR-001-6 proposal. See Notice of Withdrawal of NERC for Proposed Reliability Standard VAR-001-6, (May 18, 2020).
In September 2020, FERC issued Order No. 873 regarding NERC’s retirement proposals.\(^5\) In this order, FERC remanded proposed Reliability Standard FAC-008-4 to NERC for further consideration, citing concerns with the proposed retirement of Requirement R8 of the currently effective standard.\(^6\) FERC approved: (i) the retirement of four Reliability Standards in their entirety (FAC-013-2, INT-004-3.1, INT-010.2.1, and MOD-020-0); and (ii) five modified Reliability Standards in which individual requirements were proposed for retirement (INT-006-5, INT-009-3, PRC-004-6, IRO-002-7, and TOP-001-5).\(^7\) FERC declined to take action on NERC’s proposal regarding the MOD A Reliability Standards, pending further action in a separate proceeding involving the successor North American Energy Standards Board (“NAESB”) business practice standards.\(^8\) On September 24, 2020, NERC submitted a notice of remand to inform this authority of the FERC remand of proposed FAC-008-4 and requesting that the proposed standard be withdrawn in this jurisdiction.

C. Project 2018-03 Standards Efficiency Review Retirements

Following the issuance of Order No. 873, NERC recalled the Project 2018-03 Standards Efficiency Review Retirements drafting team (roster included as Exhibit F) to consider further steps regarding the remanded FAC-008 Reliability Standard. The standard drafting team determined to develop a new version of the Reliability Standard, proposed Reliability Standard FAC-008-5, in which only Requirement R7 of the currently effective standard would be proposed for retirement.

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\(^5\) See Order No. 873 at PP 1-5 (summary).

\(^6\) Id. at PP 37-40.

\(^7\) Id. at P 26.

\(^8\) Id. at P 4. The MOD A Reliability Standards proposed for retirement were: MOD-001-1a (Available Transmission System Capability), MOD-004-1 (Capacity Benefit Margin), MOD-008-1 (Transmission Reliability Margin Calculation Methodology), MOD-028-2 (Area Interchange Methodology), MOD-029-2a (Rated System Path Methodology), and MOD-030-3 (Flowgate Methodology).
The proposed standard was posted for formal comment and ballot from November 30, 2020 through January 13, 2021, and for final ballot from January 19, 2021 through January 28, 2021. The proposed standard achieved 95.96% approval with 91.04% quorum. The NERC Board of Trustees adopted the proposed standard on February 4, 2020. A summary of the development history and the complete record of development is attached to this filing as Exhibit E.

III. JUSTIFICATION

In this filing, NERC submits proposed Reliability Standard FAC-008-5 – Facility Ratings, in which Requirement R7 of the currently effective standard is proposed for retirement. As discussed below, Requirement R7 is not necessary for reliability. As shown in the redline included in Exhibit A, NERC has struck the requirement in its entirety and replaced the text with the word “Reserved.” Corresponding revisions have also been made to the VRFs, VSLs, and measures.

The proposed Reliability Standard continues to meet the Reliability Standards criteria and is just, reasonable, not unduly discriminatory, and in the public interest. The proposed Reliability Standard will become effective in accordance with the proposed implementation plan discussed in Section IV.

1. Currently Effective Reliability Standard FAC-008-3

Reliability Standard FAC-008-3 – Facility Ratings was submitted on June 17, 2011. The standard was developed in response to FERC directives from Order No. 693 to modify the FAC-008 standard to require entities to: (i) document underlying assumptions and methods used to determine normal and emergency facility ratings; (ii) develop facility ratings consistent with industry standards developed through an open, transparent, and validated process; and (iii) for each facility, identify the limiting component and, for critical facilities, the resulting increase in rating
if that component is no longer limiting. In 2013 FERC approved the retirement of Requirements R4 and R5 following NERC’s “paragraph 81” initiative.

In 2019, NERC proposed Reliability Standard FAC-008-4, in which NERC proposed to retire Requirements R7 and R8 of the standard. As previously noted, FERC remanded proposed Reliability Standard FAC-008-4 in Order No. 873 due to concerns with the proposed retirement of Requirement R8.

2. Justification for Proposed Reliability Standard FAC-008-5

The purpose of proposed Reliability Standard FAC-008-5, which remains unchanged from the currently effective version of the standard, is to “to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on technically sound principles. A Facility Rating is essential for the determination of System Operating Limits.”

In proposed Reliability Standard FAC-008-5 NERC proposes to retire Requirement R7 of the currently effective standard because this requirement is redundant to those in other Reliability Standards and is therefore not needed for reliability.

Reliability Standard FAC-008-3 Requirement R7 requires Generator Owners and Transmission Owners to provide certain information to requesting Reliability Coordinator(s), Planning Coordinator(s), Transmission Planner(s), Transmission Owner(s), and Transmission Operator(s) regarding their Facilities, as follows:

R7. Each Generator Owner shall provide Facility Ratings (for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of

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10 Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards, Order No. 788, 145 FERC ¶ 61,147 at P 17 (2013). In proposed Reliability Standard FAC-008-5, NERC has struck the text of these requirements and replaced them with the word “Reserved.”
existing Facilities) to its associated Reliability Coordinator(s), Planning Coordinator(s), Transmission Planner(s), Transmission Owner(s) and Transmission Operator(s) as scheduled by such requesting entities.

In the years since Reliability Standard FAC-008-3 was developed, NERC has developed other Reliability Standards that render the data provision obligations of Requirement R7 redundant. Specifically, Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 contain provisions to help ensure that the entities that have the responsibility to plan and operate the Bulk Power System have the data they need from Generator Owners and Transmission Owners for operations and planning.

Requirement R1 of Reliability Standard MOD-032-1 – Data for Power System Modeling and Analysis requires the Planning Coordinator and Transmission Planner to develop modeling data requirements and reporting procedures including the data listed in Attachment 1 to the standard. This data would include information on power capabilities and Facility Ratings. Requirement R2 requires the Generator Owner and Transmission Owner to provide the requested information.

Requirement R1 of Reliability Standard IRO-010-2 – Reliability Coordinator Data Specification and Collection requires the Reliability Coordinator to maintain a documented specification for the data necessary to perform its Operational Planning Analyses, Real-time monitoring, and Real-time Assessments. This data necessarily includes Facility Ratings as inputs to System Operating Limit monitoring. Requirement R3 requires the Transmission Owner and Generator Owner to provide requested data. Similarly, Requirement R1 of Reliability Standard TOP-003-3 – Operational Reliability Data requires the Transmission Operator to maintain a documented data specification (Requirement R1) and for the Transmission Owner and Generator

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11 See Reliability Standard MOD-032-1 Attachment 1, steady-state column, Items 3, 3(f), 4(c) and 6(g).
Owner to provide the requested data (Requirement R5).

While the provision of Facility Ratings data to Transmission Owners is not specified by these standards listed above, such provision is not necessary as Transmission Owners have a more limited role that does not involve the planning and operation of the Bulk Power System. In Order No. 873, FERC noted the previous history of the requirement, which did not include Transmission Owners as receiving entities, and stated:

Regarding Reliability Standard FAC-008-3, Requirement R7, we are persuaded that retiring Requirement R7 will not result in a reliability gap because Requirement R7 is redundant or otherwise provides little or no reliability benefit. We agree with NERC that, unlike transmission operators and transmission planners that need and will continue to receive facility ratings information under other Reliability Standards, transmission owners do not need to exchange facility ratings because they have a more limited functional role that does not involve planning and operating the Bulk-Power System.\(^\text{12}\)

As Reliability Standard FAC-008-3 Requirement R7 is now redundant to other more robust Reliability Standards and is no longer needed for reliability, NERC proposes to retire this requirement in proposed Reliability Standard FAC-008-5. The retirement of this Requirement would not have an adverse impact on reliability and is in the public interest.

**IV. EFFECTIVE DATE**

The implementation plan is attached to this filing as Exhibit B. The proposed implementation plan provides that, where approval by an applicable governmental authority is required, the standard shall become effective on the first day of the first calendar quarter that is three (3) months after the effective date of the applicable governmental authority’s order approving the standard, or as otherwise provided for by the applicable governmental authority. Where approval by an applicable governmental authority is not required, the standard shall

\(^{12}\) Order No. 873 at P 38.
become effective on the first day of the first calendar quarter that is three (3) months after the
date the standard is adopted by the NERC Board of Trustees, or as otherwise provided for in that
jurisdiction. The currently effective version of the standard would be retired immediately prior to
the effective date of the revised Reliability Standard. This implementation timeline reflects
consideration that entities may need time to update their internal systems and documentation to
reflect the new Reliability Standard version number.

Respectfully submitted,

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Reliability Corporation

February 25, 2021
EXHIBITS A - B and D - F
EXHIBIT C

Reliability Standards Criteria

The discussion below explains how proposed Reliability Standard FAC-008-5 continues to meet or exceed 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 FAC-008-5 improves upon the currently effective version by retiring a requirement (Requirement R7) that is redundant and provides little, if any, benefit to reliability. Except for corresponding changes that are necessary to the Violation Risk Factors (“VRFs”), Violation Severity Levels (“VSLs”), and measures, no other changes are proposed. As such, the proposed Reliability Standard remains designed to achieve a specified reliability goal and continues to provide a technically sound means to achieve that goal.

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 is clear and unambiguous as to what is required and who is required to comply. An individual requirement from the currently effective version of the Reliability Standard is proposed for retirement. NERC does not propose any changes to the applicability of the standard.

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 Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for the proposed Reliability Standard continue to comport with NERC and FERC guidelines related to their assignment, as discussed further in Exhibit D. As noted therein, no changes are proposed to
the VRFs and VSLs from the currently effective version of the standard beyond those necessary to reflect the retirement of Requirement R7.

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 measures that support each requirement by clearly identifying what is required to demonstrate compliance. These measures help provide clarity regarding the manner in which the requirements will be enforced and help ensure that the requirements will be enforced in a clear, consistent, and non-preferential manner and without prejudice to any party. No changes are proposed to the measures from the currently effective versions of the standard beyond those necessary to reflect the retirement of Requirement R7.

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 would achieve its reliability goals effectively and efficiently. The proposed Reliability Standard improves upon the currently effective version by retiring Requirement R7, a requirement that is now redundant to those in other Reliability Standards and is no longer needed for reliability, thereby improving the efficiency of the standards.

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. The retirement of Requirement R7 in proposed Reliability Standard FAC-008-5 would improve the effectiveness and efficiency of the standard and would not result in adverse impacts to reliability.
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 continues to apply 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.

The proposed Reliability Standard would have no undue negative impact on competition. The proposed Reliability Standard would continue to require the same performance by each of the applicable functional entities, minus Requirement R7 which is proposed for retirement. The proposed Reliability Standard would not unreasonably restrict the available transmission capability or limit use of the Bulk-Power System in a preferential manner.

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

The proposed implementation period for the proposed Reliability Standard is just and reasonable and allows entities sufficient time to update their internal documentation and other processes.

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 E includes a summary of the development proceedings and details the processes followed to develop the proposed Reliability Standard. These processes included, among other things, comment and ballot periods. Additionally, all meetings of the drafting team were properly noticed and open to the
public. The initial and final ballots 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 Standard conflicts with other vital public interests.

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

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