

137 FERC ¶ 61,196
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

North American Electric Reliability Corporation

Docket No. RD11-12-000

ORDER APPROVING INTERPRETATION OF RELIABILITY STANDARD

(Issued December 15, 2011)

1. On September 9, 2011, the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO), submitted a petition for Commission approval of an interpretation of Requirements R1 and R3.2 of Reliability Standard EOP-001-0 - Emergency Operations Planning (EOP). This Reliability Standard requires, in pertinent part, each transmission operator and balancing authority to develop, maintain, and implement a set of plans to mitigate operating emergencies, as well as coordinate such plans with other transmission operators and balancing authorities. Requirement R1 requires balancing authorities to have operating agreements with provisions for emergency assistance, including provisions to facilitate emergency assistance from remote balancing authorities, with adjacent balancing authorities. Requirement R3.2 requires each transmission operator and balancing authority to develop, maintain, and implement a set of plans to mitigate operating emergencies on the transmission system.

2. In this order, the Commission approves NERC's interpretation, finding that the interpretation of Requirements R1 and R3.2 of Reliability Standard EOP-001-0 is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

I. Background

3. Section 215 of the Federal Power Act (FPA) requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards may be

enforced by the ERO, subject to Commission oversight, or by the Commission independently.¹

4. Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO² and, subsequently, certified NERC as the ERO.³ On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including Reliability Standard EOP-001-0.⁴ On March 17, 2011, the Commission approved EOP-001-2, which included revisions to the Reliability Standard that are not relevant to the immediate interpretation.⁵

5. NERC's Rules of Procedure provide that a person that is "directly and materially affected" by Bulk-Power System reliability may request an interpretation of a Reliability Standard.⁶ The ERO's "standards process manager" will assemble a team with relevant expertise to address the requested interpretation and also form a ballot pool. NERC's Rules provide that, within 45 days, the team will draft an interpretation of the Reliability Standard, with subsequent balloting. If approved by ballot, the interpretation is appended to the Reliability Standard and submitted to the Board of Trustees. Once approved by the

¹ See 16 U.S.C. 824o(e) (2006).

² *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

³ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

⁴ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁵ *Mandatory Reliability Standards for Interconnection Reliability Operating Limits*, Order No. 748, 134 FERC ¶ 61,213 (2011); *System Restoration Reliability Standards*, Order No. 749, 134 FERC ¶ 61,215 (2011); *Mandatory Reliability Standards for Interconnection Reliability Operating Limits; System Restoration Reliability Standards*, Order Nos. 748-A and 749-A, 136 FERC ¶ 61,030 (2011).

⁶ NERC Rules of Procedure, Appendix 3A, Reliability Standards Development Procedure, Version 6.1, at 27-29 (2010).

Board of Trustees, the Reliability Standard with the interpretation is filed with the applicable regulatory authority for regulatory approval.

II. NERC Petition

6. In its September 9, 2011 Petition,⁷ NERC requests Commission approval of a proposed interpretation of Requirements R1 and R3.2 of Reliability Standard EOP-001-0. The stated purpose of Reliability Standard EOP-001-0 is to ensure that plans to mitigate operating emergencies are developed, maintained, and implemented, as necessary, by transmission operators and balancing authorities.

A. Requirement R1

7. Requirement R1 states:

Balancing Authorities shall have operating agreements with adjacent Balancing Authorities that shall, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities.

8. The Petition explains that NERC received a request from the Regional Entity Compliance Managers (RE Compliance Managers) seeking an interpretation of Requirement R1 of Reliability Standard EOP-001-0. Specifically, RE Compliance Managers presented the following questions for interpretation, and NERC provided the following interpretation:

Question-1: What is the definition of emergency assistance in the context of this standard? What scope and time horizons, if any, are considered necessary in this definition?

Answer-1: In the context of this standard, emergency assistance is emergency energy. Emergency energy would normally be arranged for during the current operating day. The agreement should describe the conditions under which the emergency energy will be delivered to the responsible Balancing Authority.

⁷ North American Electric Reliability Corp., September 9, 2011 Petition for Approval of Interpretations of Requirements of Reliability Standards EOP-001-0 and EOP-001-2 – Emergency Operations Planning (Petition).

Question-2: What was intended by using the adjective “adjacent” in Requirement 1? Does “adjacent” Balancing Authorities mean “All” or something else? Is there qualifying criteria to determine if a very small adjacent Balancing Authority area has enough capacity to offer emergency assistance?

Answer-2: The intent is that all Balancing Authorities, interconnected by AC ties or DC (asynchronous) ties within the same Interconnection, have emergency energy assistance agreements with at least one Adjacent Balancing Authority and have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. However, the standard does not require emergency energy assistance agreements with all Adjacent Balancing Authorities, nor does it preclude having an emergency assistance agreement across Interconnections.

Question-3: What is the definition of the word “remote” as stated in the last phrase of Requirement 1? Does remote mean every Balancing Authority who’s area does not physically touch the Balancing Authority attempting to comply with this Requirement?

Answer-3: A remote Balancing Authority is a Balancing Authority other than an Adjacent Balancing Authority. A Balancing Authority is not required to have arrangements in place to obtain emergency energy assistance with any remote Balancing Authorities. A Balancing Authority’s agreement(s) with Adjacent Balancing Authorities does (do) not preclude the Adjacent Balancing Authority from purchasing emergency energy from remote Balancing Authorities.

Question-4: Would a Balancing Authority that participates in a Reserve Sharing Group Agreement, which meets the requirements of Reliability Standard BAL-002-0, Requirement 2, be required to establish additional operating agreements to achieve compliance with Reliability Standard EOP-001-0, Requirement 1?

Answer-4: A Reserve Sharing Group agreement that contains provisions for emergency assistance may be used to meet Requirement R1 of EOP-001-0.

9. In the Petition, NERC explains that the interpretation is consistent with the stated purpose of the Reliability Standard, that each transmission operator and balancing

authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies and that such plans need to be coordinated with other transmission operators and balancing authorities, and the reliability coordinator.⁸

B. Requirement R3.2

10. Requirement R3.2 states:

[Each Transmission Operator and Balancing Authority shall:] develop, maintain, and implement a set of plans to mitigate operating emergencies on the transmission system.

11. The Petition explains that NERC received a request from the Florida Municipal Power Pool (FMPP) seeking an interpretation of Requirement R3.2 of Reliability Standard EOP-001-0.⁹ Specifically, FMPP presented the following question for interpretation:

Does the Balancing Authority need to develop a plan to maintain a load-interchange-generation balance during operating emergencies and follow the directives of the Transmission Operator?

12. In response, NERC provided the following interpretation:

The answer to both parts of the question is yes. The Balancing Authority is required by the standard to develop, maintain, and implement a plan. The plan must consider the relationships and coordination with the Transmission Operator for actions directly taken by the Balancing Authority. The Balancing Authority must take actions either as directed by the Transmission Operator or the Reliability Coordinator (reference TOP-001-1, Requirement R3), or as previously agreed to with the Transmission Operator or the Reliability Coordinator to mitigate transmission emergencies. As stated in Requirement R5, the emergency plan shall include the applicable elements in “Attachment 1 – EOP-001-0.”

⁸ *Id.* at 11.

⁹ Requirement R2.2 of Reliability Standard EOP-001-2 is the same requirement as R3.2 in EOP-001-0, the currently effective standard. NERC Petition at 2.

C. Effective Date

13. NERC requests that the interpretation be made effective upon the issuance of an order in this proceeding.¹⁰ In addition, NERC requests the retirement of Reliability Standard EOP-001-0b effective as of midnight on June 30, 2013. Finally, NERC requests an effective date of July 1, 2013 for Reliability Standard EOP-001-2b, which includes the appended interpretations to Requirements R1 and R3.2, consistent with the Commission's approval of Reliability Standard EOP-001-2 in Order Nos. 748 and 749.¹¹

III. Notice of Filing, Interventions and Comments

14. On October 19, 2011, notice of NERC's filing was published in the *Federal Register* with interventions and protests due on or before November 2, 2011.¹² No interventions or protests were filed.

IV. Commission Determination

15. The Commission finds that the ERO's interpretation of Requirements R1 and R3.2 of Reliability Standard EOP-001-0 is just, reasonable, not unduly discriminatory or preferential, and in the public interest.¹³

A. Requirement R1

16. The interpretation of Requirement R1 supports the stated purpose of the Reliability Standard, i.e., that each transmission operator and balancing authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies and that such plans need to be coordinated with other transmission operators and balancing authorities, and the reliability coordinator. The interpretation also clarifies the meaning of emergency assistance in the context of Reliability Standard EOP-001-0. Further, the interpretation clarifies the meaning of the terms adjacent and remote with regard to neighboring balancing authorities, and clarifies the relationship between Reserve Sharing

¹⁰ NERC Petition at 2.

¹¹ Order No. 748, 134 FERC ¶ 61,213; Order No. 749, 134 FERC ¶ 61,215; Order Nos. 748-A and 748-A, 136 FERC ¶ 61,030.

¹² 76 Fed. Reg. 64,936 (2011).

¹³ 16 U.S.C. § 824(d)(2).

Groups and Reliability Standard EOP-001-0. Finally, the language of the interpretation is consistent with the language of the requirement. Accordingly, the Commission approves the ERO's interpretation of Requirement R1 of Reliability Standard EOP-001-0.

B. Requirement R3.2

17. The Commission finds that the interpretation of Requirement R3.2 supports the stated purpose of the Reliability Standard, i.e., that each transmission operator and balancing authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies and that such plans need to be coordinated with other transmission operators and balancing authorities, and the reliability coordinator. In addition, the interpretation reinforces the need for communication and coordination between the transmission operator and balancing authority both in planning to mitigate operating emergencies on the transmission system through the development of operating agreements and in carrying out such operating agreements during an actual system emergency.¹⁴

18. Accordingly, the Commission approves Reliability Standard EOP-001-0b, effective as of the date of this order. In addition, the Commission approves the retirement of Reliability Standard EOP-001-0b effective as of June 30, 2013,¹⁵ and an effective date of July 1, 2013 for Reliability Standard EOP-001-2b, consistent with the Commission's approval of Reliability Standard EOP-001-2 in Order Nos. 748 and 749.¹⁶

V. Information Collection Statement

19. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping requirements (collections of information)

¹⁴ Petition at 12; *see generally Electric Reliability Organization Interpretation of Transmission Operations Reliability Standard*, Order No. 753, 136 FERC ¶ 61,176, at P 15-17 (2011).

¹⁵ Upon the effective date of Reliability Standard EOP-001-2b, Requirement R3.2 will be Requirement R2.2.

¹⁶ Order No. 748, 134 FERC ¶ 61,213; Order No 749, 134 FERC ¶ 61,215; Order Nos. 748-A and 749-A, 136 FERC ¶ 61,030.

imposed by an agency.¹⁷ The information contained here is also subject to review under section 3507(d) of the Paperwork Reduction Act of 1995.¹⁸

20. The Commission approved Reliability Standard EOP-001-0, the subject of this order, in Order No. 693.¹⁹ This order proposes to approve interpretations of the previously approved Reliability Standard, which was developed by NERC as the ERO. The interpretation relates to an existing Reliability Standard, and the Commission does not expect it to affect entities' current reporting burden.²⁰ Accordingly, we will submit this order to OMB for informational purposes only.

The Commission orders:

NERC's interpretation is hereby approved, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹⁷ 5 C.F.R § 1320.11 (2011).

¹⁸ 44 U.S.C. § 3507(d).

¹⁹ Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053.

²⁰ 5 C.F.R. § 1320.3(b)(2).