

NERC and WECC agree that SCE's application is an appropriate means to determine that the indicated facilities are local distribution. As the Commission noted in Order No. 743, "to the extent that any individual line would be considered to be local distribution, that line would not be considered to be part of the [BES]."⁵ Therefore, NERC and WECC are not contesting the avenue in which SCE is seeking a determination of local jurisdiction (i.e., directly with FERC). Rather, NERC and WECC's comments focus specifically on reliability factors relevant to determine whether SCE's 115 kV facilities should be classified as local distribution and the need for more information regarding the Facilities in question before an accurate determination can be made regarding the material impact of the Facilities at issue on the BES.

⁵ Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure, 141 FERC ¶ 61,236, Order No. 743 (2012), at P. 39.

I. NOTICES AND COMMUNICATIONS

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

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability
Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 446-2595 – facsimile

James Robb
Chief Executive Officer
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 883-6853
(801) 883-6894 – facsimile

Charles A. Berardesco
Senior Vice President and General Counsel
Holly A. Hawkins*
Associate General Counsel
Leigh Anne Faugust*
Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net
holly.hawkins@nerc.net
leigh.faugust@nerc.net

Steven F. Goodwill*
Vice President and General Counsel
Ruben Arredondo*
Senior Legal Counsel
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 819-7674
(801) 883-6894 – facsimile
sgoodwill@wecc.biz
raredondo@wecc.biz

*Persons to be included on the Commission’s
official service list

II. BACKGROUND

The Commission certified NERC as the Electric Reliability Organization (“ERO”) for the purpose of establishing and enforcing Reliability Standards for the Bulk-Power System (“BPS”) in the United States.⁶ On April 19, 2007, the Commission approved delegation agreements

⁶ *North American Electric Reliability Council, Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

between NERC and eight Regional Entities, including a delegation agreement between NERC and WECC.⁷ Pursuant to its delegation agreement, NERC delegated to WECC the authority to enforce mandatory Reliability Standards within the WECC region.

NERC's BES Definition is an integral part of the NERC Reliability Standards and is included in the NERC Glossary of Terms. The BES Definition consists of a "core" definition and a list of configurations of facilities that would be included or excluded from the "core" definition, i.e. Inclusions and Exclusions. Additionally, a case-by-case exception process, to add elements to, and remove elements from, the BES adds transparency and uniformity to the process of determining what constitutes the BES.

Separate from the Exclusion process laid out within the NERC Rules of Procedure, an entity with Facilities falling within the "core" definition or Inclusions may file a jurisdictional application to the Commission as to whether certain Elements are local distribution. This application does not require a prior determination under the NERC Exception process. Rather, the two processes are independent paths for seeking different types of relief. The NERC Exception process grants an exception from application of the BES Definition, while an application to FERC for an individual determination excludes local distribution facilities from FERC's regulatory jurisdiction even if those facilities are BES Elements under the BES Definition.⁸

On April 16, 2015, SCE filed its Application seeking to establish the following: 1) that certain SCE 115 kV facilities are not part of the BES;⁹ and 2) that SCE has appropriately sought

⁷ *North American Electric Reliability Council, North American Electric Reliability Corp.*, 119 FERC ¶ 61,060, order on reh'g, 120 FERC ¶ 61,260 (2007).

⁸ Order No. 773-A, 143 FERC ¶ 61,053 at PP 83-94.

⁹ SCE Application at p. 1.

a determination that these facilities are not BES Elements by filing the instant Application rather than through the NERC Exception process.¹⁰

SCE relies on its application of the Seven Factor Test and the Mansfield test to support its assertion that “the specific design, function, and use” of the facilities supports its claim that the facilities should be designated as local distribution.¹¹ In addition, SCE provides the results from a technical, “TPL-like” analyses¹² it undertook to determine that the 115 kV facilities at issue have no material impact on the reliability of the BPS. According to SCE, these analyses studied the “loss of all local generation within a system..., steady-state thermal loading and voltage deviation analysis, dynamic frequency, voltage, angular stability analysis, and tests for positive reactive power margin.”¹³

III. MOTION TO INTERVENE

NERC has a substantial interest in this proceeding, as it is the certified ERO under section 215 of the Federal Power Act.¹⁴ As the ERO, NERC’s mission is to improve the reliability and security of the BPS in North America.¹⁵ No other party can adequately comment with the same level of technical expertise on the reliability of the BPS as NERC. WECC is the Regional Entity for the Western Interconnection, which includes the SCE facilities at issue in its Application. Therefore, it is in the public interest to permit this intervention.

IV. COMMENTS

Neither NERC nor WECC contest that SCE has appropriately applied to the Commission directly for a determination that the facilities at issue are local distribution, which would be

¹⁰ *Id.*

¹¹ *Id.* at p. 3.

¹² *Id.* at p. 36.

¹³ *Id.* at p. 37.

¹⁴ *Supra* n.4.

¹⁵ *See id.*

excluded from Commission jurisdiction. The comments of NERC and WECC focus on the reliability of the BPS and the Western Interconnection and specifically on whether SCE's filing is sufficient to determine if, in fact, SCE uses the Facilities only in the local distribution of energy and whether the Facilities are important elements in support of reliability of the BPS.

The Commission has acknowledged that an analysis determining whether facilities are local distribution begins with application of the BES Definition.¹⁶ In its Application, SCE applies the BES Definition and asserts that although the Facilities fall within the core definition, its Facilities are in fact local distribution. SCE uses the Seven-Factor Test¹⁷ and Mansfield test¹⁸ to analyze whether its Facilities are local distribution, which the Commission noted in Order No. 773 would be relevant to the Commission in making a determination of whether facilities are in fact local distribution.¹⁹ However, as the Commission also recognized, "the factors identified in the Seven Factor Test are not exclusive when determining whether an element is used for local distribution . . . [and] the Seven Factor Test does not resolve all possible issues."²⁰ The Commission recognized that "there may be *other factors* that should be taken into account in particular situations."²¹ NERC and WECC respectfully suggest that these "other factors" should consider whether Facilities purportedly only used in local distribution impact the reliability of the BPS.²² Thus, in addition to the Seven Factor Test and Mansfield tests, the Commission may also consider whether SCE has provided adequate information to address concerns about the impact to reliability.

¹⁶ Order No. 773, 141 FERC ¶ 61,236 at P 67.

¹⁷ SCE Application at p. 17-19.

¹⁸ *Id.* at p. 19-21.

¹⁹ Order No. 773, 141 FERC ¶ 61,236 at P 155 n.139, *citing* Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 at P 71 (emphasis added).

²⁰ *Id.* at P 71.

²¹ *Id.* (emphasis added).

²² *See* Order No. 743, 133 FERC ¶ 61,150 at P 37.

The studies SCE performed may not wholly encompass the entire scope of conditions the Commission might consider to determine the impact on the reliability of the BPS, especially in light of the significance placed on reliability of the BPS in recent years with the creation of the ERO. SCE argues in its Application that several of the Facilities at issue in its Application would merely be a re-affirmation of previous decisions the Commission has made regarding the same Facilities in various contexts, recognizing their unique characteristics and use as part of the local distribution system.²³ However, Order No. 888, which SCE points to as a basis to continue to exclude some of its Facilities from local distribution, was issued in 1996 and affirmed in 2002 – four years before NERC was certified as the ERO for the United States,²⁴ and *nine years* before the Commission approved the revised definition of the BES.²⁵

Since Order No. 888, the Facilities, load, and generation in the SCE service territory at issue in its Application have grown substantially. These areas now contain approximately 4,479 MW of load, with additional load growth also forecasted.²⁶ Additionally, these areas now have at least 1435 MW of generation, of which at least 772 wind, and 158 is cogeneration.²⁷ While SCE uses “TPL-like studies” to demonstrate that these facilities have no impact on reliability,²⁸

²³ SCE Application at p. 17, citing to *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats & Regs. ¶31,036 (1996), *order on reh’g*, Order No. 888-A, FERC Stats. & Regs. ¶31,048, *order on reh’g*, Order No. 888-B, 81 FERC ¶61,248 (1997), *order on reh’g*, Order No. 888-C, 82 FERC ¶61,046 (1998), *aff’d in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Circuit 2000), *aff’d sub nom. New York v. FERC*, 535 U.S. 1 (2002).

²⁴ *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶61,062 (2006).

²⁵ See Order No. 773.

²⁶ See, e.g., Prepared Direct Testimony of Jonathan M. Shearer on Behalf of Southern California Edison Company (Shearer Direct Testimony), pp. 13-17 (CEII Version).

²⁷ See *id.*

²⁸ As part of these studies, SCE uses the WECC BES Inclusion Guideline (“Guideline”) to support its conclusion that its facilities do not impact the BPS reliability. WECC notes that the industry did not create or intend to use the Guideline for this purpose. The Guideline contains situations where Transmission Planners and Planning Coordinators should give consideration for including sub-100 kV facilities into the BES because of potential BES reliability impacts. WECC members’ intent was not to provide guidance for when entities should exclude BES facilities from the BPS.

NERC and WECC assert there may be additional studies and information needed, and more factors to consider, as potentially identified below. Even assuming the technical analyses SCE performed are the appropriate initial set of tests, some important questions remain unanswered or incompletely answered at this time. The following is a general summary of some (not all-inclusive) of the information that NERC and WECC believe SCE should provide before the Commission makes a determination of the impact of the Facilities at issue on the reliability of the BPS and their status as local distribution:

1. A demonstration of the current fault contributions to the BPS from the systems for which SCE is requesting the local distribution designation.
2. A discussion of the potential reliability impact on the BPS for the failure of the local network protection systems, particularly, the protection systems associated with the 500/115 kV and 230/115 kV transformers connected to these networks.
3. An explanation of how the generation and reactive devices (shunt capacitors) are used to provide voltage support or control of the BPS. In Order No. 773, the Commission stated that, if the generator is necessary for the operation of the interconnected transmission network, it is appropriate also to include the generator interconnection facility operating at or above 100 kV that delivers the generation to the BES.
4. The study assumptions SCE uses in selecting the power flow base cases, system conditions, path transfers, as related to the associated facility ratings and nomograms, seasonal conditions, inertia requirements, and emergency ratings, etc., with an explanation of how those assumptions affect the study results and conclusions.
5. Whether SCE used the WECC composite load model in the power flow and stability analyses, and if not, why. At least one of the local areas concerned is susceptible to fault-induced delayed voltage recovery (“FIDVR”), and the composite load model is a better assumption to use in such areas.²⁹
6. Whether SCE conducted post-transient studies or voltage stability studies, with an explanation of whether these local systems could become VAR deficient when generator operators do not dispatch local traditional generation resources due to economic conditions.

²⁹ See *Composite Load Model for Dynamic Simulations Report 1.0*, Western Electricity Coordinating Council’s Model and Validation Work Group, June 12, 2012.

7. An explanation of how voltages can be controlled in these areas under light-load conditions, light transfers across the BPS lines in the area, and high renewable generation levels.
8. A discussion of the potential effect of the magnitude of the load, on end-use customers (~600,000 people) all served through one substation.³⁰

Neither NERC nor WECC have sufficient information at this time to answer these questions and make an adequate recommendation to the Commission concerning SCE's request for a local distribution designation. Accordingly, NERC and WECC believe additional information is necessary to establish a full and complete record before an accurate determination is made regarding the impact of the facilities at issue on the BPS.

NERC and WECC also have additional concerns as to the potential aggregate as well as individual system-wide risks posed by a decision to designate these Facilities as local distribution. As the Commission has stated in its Risk-Based Registration Order issued on March 19, 2015 when referring to registration matters, consideration of the aggregate risk and possible cumulative effect is "fundamental" to ensuring that decisions do not lead to increased risk to BPS reliability.³¹ Regardless of the method an entity may choose to be qualified as local distribution, the reliability of the BPS should remain a paramount concern.

³⁰ Exhibit SCE-1, p. 15.

³¹ *Order on Electric Reliability Organization Risk Based Registration Initiative and Requiring Compliance Filing*, 150 ¶ 61,213 at P 68 (2015).

V. **CONCLUSION**

WHEREFORE, NERC and WECC respectfully request that the Commission grant this motion for leave to intervene and issue an order consistent with the comments herein.

Respectfully submitted,

/s/ Holly A. Hawkins
*Counsel for the North American Electric
Reliability Corporation*

/s/ Ruben H. Arredondo
*Counsel for the Western Electricity
Coordinating Council*

Date: May 18, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding. Dated at Washington, D.C. this 18th day of May 2015.

/s/ Holly A. Hawkins
Holly A. Hawkins

*Counsel for the North American Electric
Reliability Corporation*