

BES Frequently Asked Questions

Version 1.6
February 25, 2015

RELIABILITY | ACCOUNTABILITY



3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

Table of Contents

Preface	iii
1. Version History	1
2. General Questions	2
2.1. When will the revised BES definition be effective?	2
2.2. What are the processes associated with implementing the new BES definition?	2
2.3. How will the ERO implement the BES definition?.....	2
2.4. What should Entities do to prepare for July 1, 2014?	2
2.5. How do currently registered owners of existing dispersed power producing resources need to report their Facilities on July 1, 2014 when Inclusion I4 takes effect?	3
2.6. Our existing dispersed generation Facility has a generator addition that will bring its aggregate nameplate rating over the 75 MVA threshold of Inclusion I4. How does this affect the Facility’s status in the BES and what reporting is expected for the change?	4
2.7. If the ownership of an Element that was granted an Exception (inclusion or exclusion) changes, what is necessary to do to retain the Exception?	5
2.8. Are there any additional Reliability Standard development projects involving dispersed generation Facilities (Inclusion I4)?	5
2.9. What is the “Special Notification Submission Period?”	5
2.10. Does the “Special Notification Submission Period” apply to Notifications of Inclusion as well?	5
2.11. Does the “Special Notification Submission Period” apply to Exception Requests?	6
2.12. Can you provide any guidance about the level of detail needed in one-line diagrams submitted with Self-Determined Notifications or Exception Requests?.....	6
3. Training and Reference Resources	10
3.1. Will there be any training prior to July 1, 2014?.....	10
3.2. Will there be any training after July 1, 2014?	10
4. Notification of Self-Determination Process	11
4.1. When can I start entering in my BES Self-Determined Notifications?.....	11
4.2. Can a Registered Entity discuss matters with the Regional Entity prior to submitting a Self-Determined Notification and/or Exception Request?.....	11
4.3. What information will I need to supply with a notification of self-determinations?	11
4.4. Am I required to notify the Region of a change of BES status due to the new BES definition?.....	11

4.5.	If nothing has changed in my Element’s BES status after applying the new BES definition, do I need to submit a BES Self-Determined Notification?	12
4.6.	Do newly identified Elements require the submittal of Self-Determined Inclusion Notifications?	12
4.7.	Which Entity should provide Self-Determined Notifications for jointly-owned Elements?.....	12
4.8.	Under legacy Regional BES definitions, certain transmission elements were considered as BES, but will now be excluded under the new BES definition. What should be submitted in the Self-Determination Notifications?.....	12
5.	Exception Request Process.....	13
5.1.	What process will NERC utilize to make evaluate BES Exception Requests?	13
5.2.	What supporting information is needed to submit an exception request?	13
5.3.	Who evaluates and approves Exception Requests?	13
5.4.	What is a technical review panel? Who is on it? How are they chosen?	13
5.5.	What is the NERC review panel? Who is on it?.....	14
5.6.	How long will the process take?	14
5.7.	How can an Entity appeal a Rejection of an Exception Request?.....	15
5.8.	How can an Entity appeal the NERC decision?	16
5.9.	Who can submit BES Exception Requests?	16
5.10.	What happens if my system configuration changes after I have an approved Exception Request?	17
5.11.	What if I have Elements that cross multiple Regional Entity boundaries?.....	17
5.12.	Do I need to go to my Reliability Coordinator or Balancing Authority before submitting my BES Exception Request?.....	17
5.13.	If an Exception Request is to be submitted for a jointly-owned Element, which Entity should submit the request?	18
5.14.	What if I don’t submit a BES self-determined BES notification for an exclusion or an inclusion as a result of the new BES Definition?	18
5.15.	Should I concurrently file a BES Exception Request with NERC and a petition to exclude local Distribution Elements with FERC?.....	18
6.	BES Notification and Exceptions Tool (BESNet)	20
6.1.	What is the BESNet application and for what will it be used?.....	20
6.2.	When will BESNet be available for submitting Exception Requests or Self-Determined Notifications?	20
6.3.	Will there be software-related User Guides?	20

6.4. Is the information I enter into the BESNet application safe and secure?..... 20

6.5. Am I required to register for BESnet access?..... 21

6.6. Our company is divided into several organizational units that are exclusively registered as different NERC Functional Entities. How should we register for BESnet access?..... 21

6.7. I am preparing a series of Self-Determined Notifications (SDNs) and Exception Requests (ERs) for a number of Elements on my transmission system. How should the groupings of Elements be organized so as to provide an orderly and efficient approach that will minimize effort, aid review and expedite approval? 21

7. Compliance and Registration Questions 23

7.1. What is the implementation plan for the new BES definition, and when do the related compliance obligations begin? 23

7.2. When will compliance be mandatory with NERC Reliability Standards for existing Elements that are newly identified as BES Elements? 23

7.3. When do compliance obligations begin for newly built Elements that are classified as BES Elements under the new BES definition? 23

7.4. What are the obligations of the owner of a Facility that is designated as a part of the BES? 23

7.5. If I need to register based on the new BES definition, when should I register?..... 24

7.6. If an Entity does not own or operate BES assets, does that mean they have to follow NERC standards?..... 24

7.7. Can an Entity’s registration requirements change as a result of applying the new BES definition?..... 24

7.8. If an Element is excluded from the BES through an exception request, what happens to compliance obligations, monitoring and enforcement? 24

7.9. If an Element is excluded from the BES through self-determination, what happens to compliance obligations, monitoring and enforcement? 24

7.10. In FERC Order No. 773-A (P 109), FERC stated, “in the absence of bad faith, if a registered entity applies the bulk electric system definition and determines that an element no longer qualifies as part of the bulk electric system, upon notifying the appropriate Regional Entity that the element is no longer part of the bulk electric system the element should not be treated as part of the bulk electric system unless NERC makes a contrary determination in the exception process.” How is NERC implementing this language?..... 25

7.11. For excluded facilities, do I still have any compliance obligations? 26

7.12. If I am registered for the Distribution Provider function and I do not own or operate any BES Elements, can I request deactivation of my compliance registration?..... 26

7.13. For SDNs reverted to draft and resubmitted, does the date of resubmission have any impact on compliance obligations? 27

8. NERC Process 29

 8.1. Will the BES definition be applied consistently across the Regional Entities? 29

 8.2. If my Element is not considered a part of the BES, might I still be required to provide information to NERC about it?..... 29

9. FERC 30

 9.1. Does FERC have a role in designating Facilities as part of the BES? 30

 9.2. Should I concurrently file a BES Exception Request with NERC and a petition to exclude local Distribution Elements with FERC? 30


10. Definition Questions 31

 10.1. Protection Systems were explicitly included in the Legacy Regional Definition and the new NERC BES Definition is silent on Protection Systems. Do I need to do anything in BESnet for these Protection Systems? 31

Preface

The North American Electric Reliability Corporation’s (NERC) mission is to ensure the reliability of the North American bulk power system (BPS). NERC is the electric reliability organization (ERO) certified by the Federal Energy Regulatory Commission (FERC) to establish and enforce Reliability Standards for the BPS. NERC develops and enforces Reliability Standards; assesses adequacy annually via a 10-year forecast and summer and winter forecasts; monitors the BPS; and educates, trains, and certifies industry personnel. ERO activities in Canada related to the reliability of the BPS are recognized and overseen by the appropriate governmental authorities in that country.¹

NERC assesses and reports on the reliability and adequacy of the North American BPS, which is divided into eight Regional Entity areas, as shown on the map and table below. The users, owners, and operators of the BPS within these areas account for virtually all the electricity supplied in the United States, Canada, and a portion of Baja California Norte, Mexico.

NERC Regional Entities	NERC Regional Entities Map
	FRCC Florida Reliability Coordinating Council
	MRO Midwest Reliability Organization
	NPCC Northeast Power Coordinating Council
	RF ReliabilityFirst
	SERC SERC Reliability Corporation
	SPP-RE Southwest Power Pool Regional Entity
	TRE Texas Reliability Entity
	WECC Western Electricity Coordinating Council

¹ As of June 18, 2007, FERC granted NERC the legal authority to enforce Reliability Standards with all U.S. users, owners, and operators of the BPS and made compliance with those standards mandatory and enforceable. Equivalent relationships have been sought and for the most part realized in Canada and Mexico. Prior to adoption of §215 in the United States, the provinces of Ontario (in 2002) and New Brunswick (in 2004) adopted all Reliability Standards that were approved by the NERC Board as mandatory and enforceable within their respective jurisdictions through market rules. Reliability legislation is in place or NERC has memoranda of understanding with provincial authorities in Ontario, New Brunswick, Nova Scotia, Québec, Manitoba, Saskatchewan, British Columbia and Alberta, and with the National Energy Board of Canada (NEB). NERC standards are mandatory and enforceable in Ontario and New Brunswick as a matter of provincial law. Manitoba has adopted legislation, and standards are mandatory there. In addition, NERC has been designated as the “electric reliability organization” under Alberta’s Transportation Regulation, and certain Reliability Standards have been approved in that jurisdiction; others are pending. NERC standards are now mandatory in British Columbia and Nova Scotia. NERC and the Northeast Power Coordinating Council (NPCC) have been recognized as standards setting bodies by the Régie de l’énergie of Québec, and Québec has the framework in place for Reliability Standards to become mandatory. NEB has made Reliability Standards mandatory for international power lines. In Mexico, the Comisión Federal de Electricidad (CFE) has signed WECC’s reliability management system agreement, which only applies to Baja California Norte.

1. Version History

The following is the history of changes to this document.

Version	Date	Change(s) Made	Change Tracking
1.0	May 6, 2014	Original Publishing	
1.1	June 4, 2014	Editorial changes to 7.1 Added FAQs: 2.7, 2.8, 4.7, 5.13, 5.14, 5.15, 6.4, and 7.8.	
1.2	June 26, 2014	Updates to 2.8, 3.1. Added FAQs: 2.9, 2.10, 2.11, 3.2, 4.8, 6.5, 6.6, 6.7, 7.9, 7.10, 7.11, 9.2, and 10.1.	
1.3	July 1, 2014	Updates to 2.5	
1.4	July 23, 2014	Factual corrections to 2.5	
1.5	August 25, 2014	Factual correction to 2.2 Added FAQs: 2.12, 7.12	
1.6	February 25, 2015	Added FAQ 7.13 PLEASE NOTE: An updated FAQ version 1.5 was posted on February 20, 2015. That version incorrectly removed FAQs 2.12 and 7.12, as well as reversed the correction to FAQ 2.2. This version 1.6 is the corrected and up-to-date version of this FAQ.	

2. General Questions

2.1. When will the revised BES definition be effective?

The definition will be effective July 1, 2014.

2.2. What are the processes associated with implementing the new BES definition?

- Notification of Self-Determination: Facility owners notify Regional Entities of Elements excluded from the BES (by application of the BES definition) that were previously included in the BES, as well as Elements that are now included in the BES by application of the BES definition that were previously not included.
- Local distribution exclusions: In accordance with FERC Order No. 773-A, Entities may petition FERC for Facilities to be excluded as local distribution at any time.
- Rules of Procedure Exception process: Entities may request that Facilities either be included in the BES or excluded from the BES after applying the BES definition.

2.3. How will the ERO implement the BES definition?

The ERO has developed a process and single web-based tool for asset owners to provide industry with a uniform method to notify the Regional Entities of changes and to identify BES inclusions or exclusions as directed by the Federal Energy Regulatory Commission's (FERC) Order Nos. 773 and 773-A, as well as the March 20, 2014 Order² approving the Revised Definition.

- Provide a uniform process for Self-Determined Notifications of newly identified BES inclusions or exclusions.
- Provide a common tool for Entities to submit Exception Requests.
- Create a consistent method for the Regional Entities and NERC to efficiently process BES Exception Requests.
- Address regulatory requirements in FERC Order Nos. 773 and 773-A, as well as the March 20, 2014 Order approving the Revised Definition.

2.4. What should Entities do to prepare for July 1, 2014?

Step 1: Identify BES Facilities and Elements

NERC suggests that each Entity that owns or operates Facilities and Elements apply the revised BES definition to such Facilities and Elements to determine if they are included in the BES. This analysis should identify Facilities and Elements that:

- i. should be included in the BES, or
- ii. may be excluded from the BES, based on the revised BES definition.

² *Order Approving Revised Definition*, 146 FERC ¶ 61,199 (March 20, 2014)
<http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/E-7.pdf>

After July 1, 2014, Entities are required by the NERC Rules of Procedure³ to notify their Regional Entity of new Self-Determined Inclusions and Exclusions from application of the bright-line BES definition.

Step 2: Perform a Gap Analysis

Each Entity owning or operating Facilities and Elements that have been newly identified for inclusion in the BES should perform a gap analysis for both:

- i. Registration (and Certification, if applicable), and
- ii. Compliance with applicable Reliability Standards.

Step 3: Develop BES Implementation Plans

An Entity with newly included Facilities or Elements may need to develop a registration implementation plan (which may include the need for Certification or a revision to an existing Certification), a compliance implementation plan, or both. In either case, the Entity should submit its implementation plan(s) to the applicable Regional Entity for review and concurrence.

Additional information on preparations is contained in the *BES Definition Implementation Guidance Document* and the *BES Definition Reference Document*, which are posted at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

2.5. How do currently registered owners of existing dispersed power producing resources need to report their Facilities on July 1, 2014 when Inclusion I4 takes effect?

Dispersed power producing resources with an aggregate nameplate rating greater than 75 MVA should already be included as BES, based on the former NERC BES Definition. In cases where dispersed power producing resources with an aggregate nameplate rating greater than 75 MVA have not been included as part of the BES, a Self-Determined Notification should be submitted. See the section below for MRO and WECC for a summary of information that should be included with the Notification.

Inclusion I4 within the new BES Definition clarifies which parts of the Facility are considered BES. Based on the approved BES Definition, the individual dispersed generators and equipment that aggregate to ratings of greater than 75 MVA are included in the BES. Inclusion I4 further clarifies that the elements between individual devices or machines and the point where the aggregate nameplate rating is greater than 75 MVA are not BES Elements.

Regional differences in past implementation of the former BES Definition with regard to dispersed power producing resources have led to inconsistencies, which the application of the new BES Definition is intended to address. The following outlines the specific

³ See Section of 501 of the Rules of Procedure “Scope of the Organization Registration and Organization Certification Programs” located at <http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

steps involved in achieving consistent implementation of the new BES Definition across the ERO for dispersed power producing resources.

In FRCC, NPCC, RF, SERC, SPP, and TRE: Registered Entities that own or dispersed power producing resources already considered by their Regional Entity to be part of the BES based on the former definition do not need to submit a Self-Determined Notification (provided that the elements 100 kV and above between the point where the aggregate nameplate rating is greater than 75 MVA and the point of Interconnection to the BES, as well as the individual wind turbines, were also already considered to be part of the BES). There is no obligation to submit a Notification through the BESnet system stating that elements below 100 kV used for common point delivery below a 75 MVA aggregation point are excluded, or that individual turbines are included.

In MRO and WECC: The Regional Entities did not consider the individual devices or machines comprising a dispersed power producing Facility where the aggregate nameplate rating is greater than 75 MVA to be part of the BES. In these cases, the Registered Entity must complete a Self-Determined Notification of inclusion. Registered Entities must submit supporting information with the Self-Determination, which should include one-line diagrams of the facility showing individual machines or devices, the lines used to deliver capacity to common points of connection, and the substation and other Facilities up to the point of transmission interconnection, as well as the point(s) at which output is aggregated and exceeds 75 MVA. The Registered Entity should submit a summary list of the Elements that comprise the facility that are considered part of the BES, including the number, manufacturer (and model), and nameplate MVA rating of the individual machines or devices. Explicitly identifying each of the Elements within the BESnet application is not required. The Regional Entity will review the one-line diagrams and the summary list to validate that the BES Definition was applied correctly. In some instances, additional documents may be requested by the Regional Entity to perform this validation. Registered Entities that submit a valid notification under this approach are permitted up to a two year transition period to bring the newly identified BES Elements into compliance with applicable NERC Reliability Standards.

2.6. Our existing dispersed generation Facility has a generator addition that will bring its aggregate nameplate rating over the 75 MVA threshold of Inclusion I4. How does this affect the Facility's status in the BES and what reporting is expected for the change?

Under the scenario above, this is a change in the Facility's inclusion/exclusion status per the "bright line" in Inclusion I4. The Entity should use the BESNet application to provide a notification of inclusion of this Facility. Supporting details should be provided, including one-line diagrams. The Regional Entity will examine the one-line diagrams for identification of the number, manufacturer (and model), and nameplate MVA rating of the individual machines or devices, the number of collector lines, and the collector substation and other substation Facilities up to the point of transmission interconnection, as well as the point at which output is aggregated and exceeds 75 MVA. In some instances, additional documents may be requested by the Regional Entity.

However, it is not necessary for the owner to provide details in the BESNet application for each individual dispersed machine or device and step-up transformer, nor the individual non-BES collector lines, beyond the one-line diagram, provided the one-line diagram clearly indicates the size of the individual machine or device and their step-up transformers. BESNet should be used for reporting the Facility status change in the aggregate.

2.7. If the ownership of an Element that was granted an Exception (inclusion or exclusion) changes, what is necessary to do to retain the Exception?

The new Element owner must notify the appropriate Regional Entity of the change of ownership. The Regional Entity will then make the reassignment of ownership in the BESNet for the Exception.

The former Element owner also must notify the appropriate Regional Entity of the change in its assets.

2.8. Are there any additional Reliability Standard development projects involving dispersed generation Facilities (Inclusion I4)?

The Project 2014-01 Standard Drafting Team is focusing on identifying Reliability Standard requirements applicable to dispersed power-producing resources. The list developed from the Standards Authorization Request (SAR) may provide a subset of applicable Reliability Standards. Once the Standard Drafting Team concludes its work, NERC will determine next steps, including alignment with the Risk-Based Registration Initiative.

2.9. What is the “Special Notification Submission Period?”

Registered Entities submitting Notifications of Exclusion may perceive a potential compliance benefit in submitting those Notifications as soon as possible, resulting in the possibility of a large number of Notifications being submitted on July 1. In order to reduce the potential for congestion, NERC has established a period beginning July 1, 2014, and ending September 1, 2014, during which all complete and valid notifications of exclusion submitted will be deemed to have been submitted on July 1 for purposes of determining compliance obligations (in so doing, all entities that submit within that period will have the same potential compliance date, reducing any perceived incentive to submit on July 1). Thus entities are encourage to pace their submission of Notifications of Exclusion within this period.

2.10. Does the “Special Notification Submission Period” apply to Notifications of Inclusion as well?

No. Because Notifications of Inclusion are already subject to a transition period, there is no need for the “Special Notification Submission Period” to apply to Notifications of Inclusion.

2.11. Does the “Special Notification Submission Period” apply to Exception Requests?

No. There is no direct relationship between Notifications of exclusion and Exception Requests for exclusion. Exception Requests are processed differently than Self-Determined Notifications, and the submission date of an Exception Request does not have a direct relationship with the dates associated with Compliance and Enforcement. Instead, once an Element is excluded from the BES through an approved Exception Request, for all cases in which the excluded Element would have previously been subject to Reliability Standards and Requirements, compliance obligations for those standards will be considered to have ceased upon the affirmative determination of the exception request.

2.12. Can you provide any guidance about the level of detail needed in one-line diagrams submitted with Self-Determined Notifications or Exception Requests?

The level of detail required for one-line diagrams submitted in support of SDN or ER is illustrated in the BES Definition Reference Document Version 2, April 2014. The entity submitting an inclusion or exclusion SDN or ER should submit a one-line diagram possessing the following attributes:

1. One-lines should be complete, officially approved diagrams with company approval blocks. Simplified one-lines may be provided as visual aids but must be accompanied by complete, official company one-lines.
2. If considered CEII, the one-lines must be clearly marked as such.
3. One-lines should clearly indicate change of ownership points and clearly identify the owners on each side of a facility. In the case of joint ownership the joint ownership parties should be indicated on the diagram.
4. The diagrams should clearly indicate the status (BES or non-BES) on the diagram of all facilities; not limited to those expressly identified in the SDN or ER. This can be done by highlighting Elements as Blue (BES) or Green (non-BES) as illustrated in the BES Definition Reference document (Version 2, April 2014).
5. The Elements specifically called out for inclusion or exclusion should be clearly marked (such as with a box, circle, etc...).
6. The applicable provision(s) of the BES core definition, inclusions and exclusions, should be indicated for each element.
7. A sufficient portion of the surrounding system should be provided to enable the Regionals Entity/NERC reviewer to apprehend the context of the Element. The following should be included as relevant to the particular Element:
 - a. Portray the complete sub-transmission system less than 100 kV but greater than 50 kV and the sub-transmission system to a bus less than or equal to 50 kV.
 - b. Neighboring sub-stations on either end of a transmission line Element.

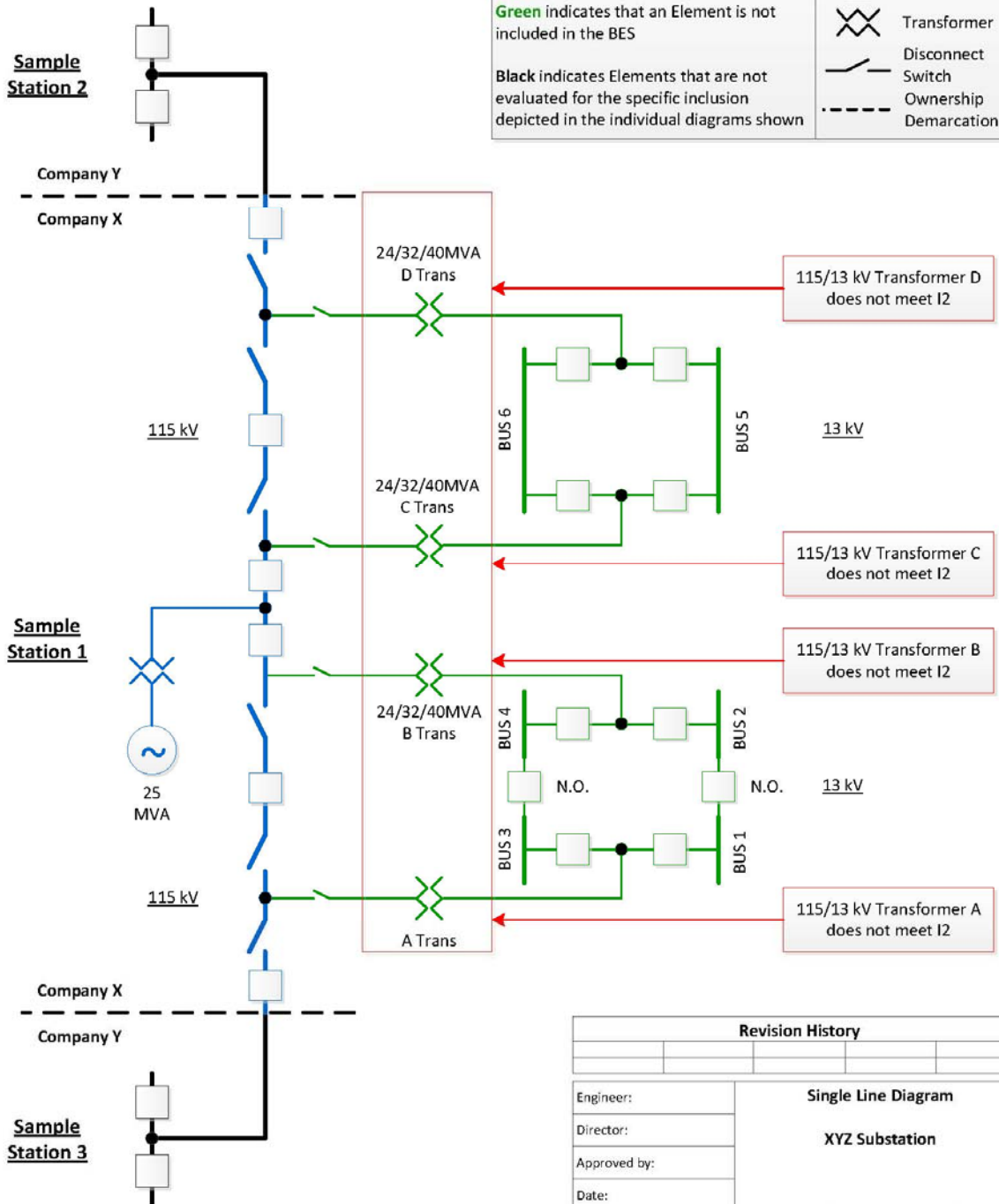
- c. Neighboring substations related to Elements that are part of a local network or radial transmission line.
- 8. All BES and non-BES generating resources on the diagram should indicate name plate rating, regardless of whether they are the subject of the SDN or ER or not.
- 9. All breakers/switching devices with indication of whether they are normally opened or normally closed.

Sample diagrams conforming to the above guidance are included on the following pages for reference.

SAMPLE

Contains Critical Energy Infrastructure Information
Do Not Distribute without Confirmation of Executed NDA







BES Legend	Symbol Legend
Blue indicates that an Element is included in the BES	Generator
Green indicates that an Element is not included in the BES	Circuit Breaker
Black indicates Elements that are not evaluated for the specific inclusion depicted in the individual diagrams shown	Transformer
	Disconnect Switch
	Switch
	Ownership Demarcation

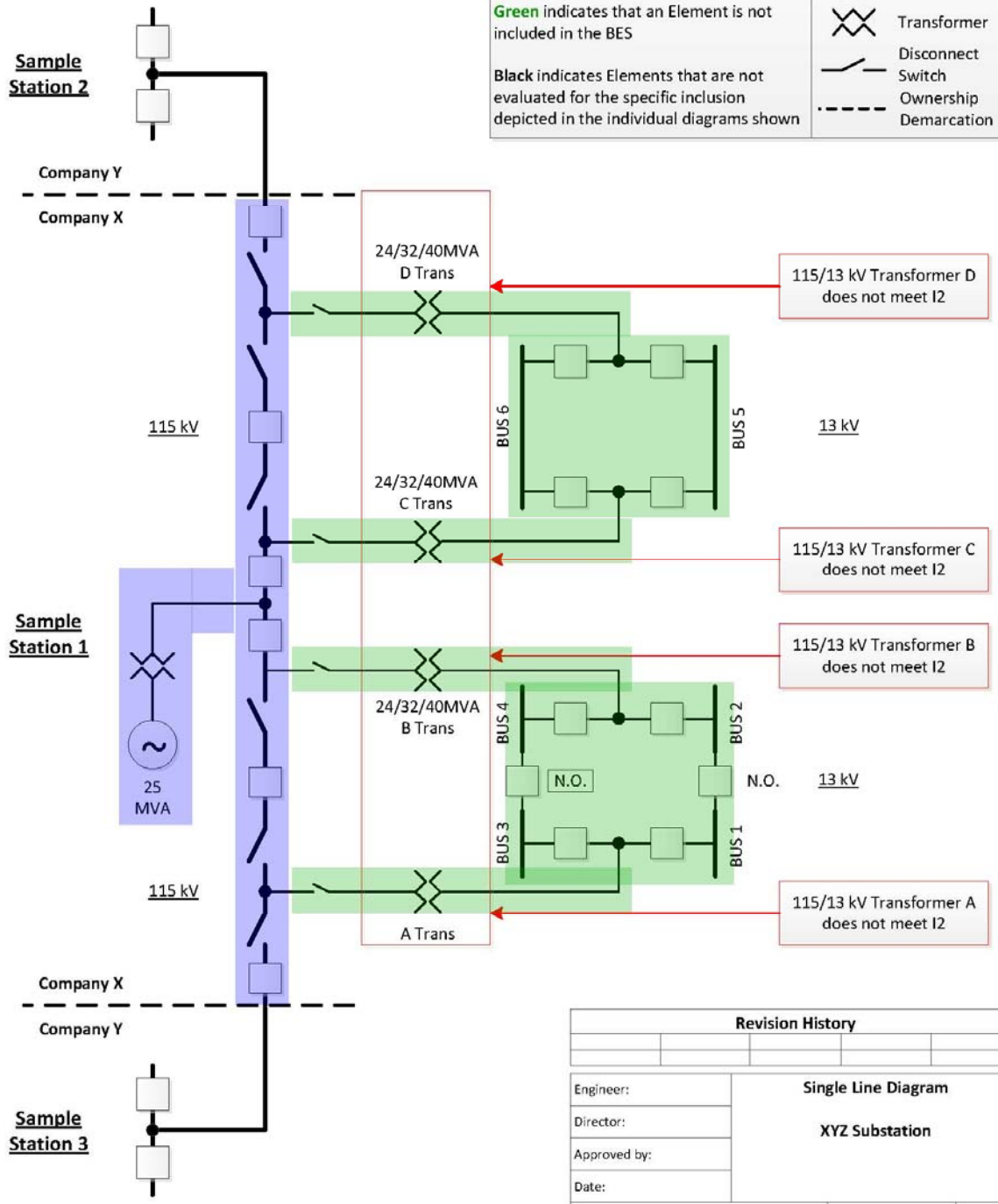


Revision History		
Engineer:	Single Line Diagram	
Director:	XYZ Substation	
Approved by:		
Date:		
Company Logo	DWG No:	Rev:

SAMPLE

Contains Critical Energy Infrastructure Information
Do Not Distribute without Confirmation of Executed NDA

BES Legend	Symbol Legend
Blue indicates that an Element is included in the BES	 Generator
Green indicates that an Element is not included in the BES	 Circuit Breaker
Black indicates Elements that are not evaluated for the specific inclusion depicted in the individual diagrams shown	 Transformer
	 Disconnect
	 Switch
	 Ownership Demarcation



Revision History		
Engineer:	Single Line Diagram XYZ Substation	
Director:		
Approved by:		
Date:		
Company Logo	DWG No:	Rev:

3. Training and Reference Resources

3.1. Will there be any training prior to July 1, 2014?

Yes.

Several webinars and workshops have been scheduled and several training resources are available. Schedules and logistics for the webinars and workshops are posted in the Implementation Schedule. NERC has also posted several training videos on its website. These videos cover both the BES definition and how to apply it, as well as the Bulk Electric System Notification and Exception Tool (BESnet) application.

The following available reference documents may also be of particular interest:

BES Definition Reference Document – Provided to assist Entities with application of the revised BES definition; provides examples of applications of the revised BES definition on specific of BES Elements.

BES Implementation Guidance Document – Provides implementation guidance on the transition to the new BES definition.

All of this information is posted on the NERC Bulk Electric System (BES) Definition, Notification, and Exception Process Project Page, located at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx> .

3.2. Will there be any training after July 1, 2014?

Yes. In addition to the resources above, NERC is planning on hosting two additional webinars describing how to use the BESnet application. These will be announced shortly. NERC may schedule additional webinars as needed.

4. Notification of Self-Determination Process

4.1. When can I start entering in my BES Self-Determined Notifications?

The BESNet application will be available to receive BES Self-Determined Notifications on July 1, 2014.

4.2. Can a Registered Entity discuss matters with the Regional Entity prior to submitting a Self-Determined Notification and/or Exception Request?

Yes. NERC encourages Registered Entities to contact applicable Regional Entities to achieve common understanding of the application of the “bright-line” BES definition and corresponding identification of the BES Elements, and to discuss evidentiary expectations before submitting a Self-Determined Notification or Exception Request.

This will help minimize the potential number and extent of submitted BES Exception Requests. Refer to the *BES Notification Review Guidelines* for additional information.

4.3. What information will I need to supply with a notification of self-determinations?

A “Regional Entity BES Notification Review Checklist” is included in the *BES Notification Review Guidelines*, located at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

The checklist details information the Regional Entities will consider to support notifications of self-determinations. For example:

- Is the Self-Determined Notification exclusion being submitted on the basis of the Element being a Distribution Element? If yes, provide a record of the status of the Entity’s petition filed with FERC.
- Was a sufficiently detailed one-line diagram(s) provided with the Self-Determined Notification?
- Were normally open switches marked in the diagrams?
- Was appropriate hourly integrated flow information provided to support E2 and E3 Exclusions?

The Regional Entities may request additional information, as needed, under existing authority.

4.4. Am I required to notify the Region of a change of BES status due to the new BES definition?

Yes. In Order No. 773, at Paragraph 317, FERC also determined that “registered entities are obligated to inform the Regional Entity of any self-determination that an element is no longer part of the BES.” Refer to the *BES Notification Review Guidelines* for additional information.

Conversely, if the result of application of the new BES definition is that an element should be added to the BES, Entities should file a Self-Determined Inclusion Notification with their Regional Entity.

4.5. If nothing has changed in my Element's BES status after applying the new BES definition, do I need to submit a BES Self-Determined Notification?

No.

4.6. Do newly identified Elements require the submittal of Self-Determined Inclusion Notifications?

Yes. Self-Determined Notifications for newly included Elements should be submitted through the BESNet application to the Regional Entity during the 24-month implementation period for the BES definition, beginning July 1, 2014.

In addition, newly identified exclusions of Elements that were previously part of the BES under the prior definition require similar Self-Determined Exclusion Notification through the BESNet application to the Regional Entity.

4.7. Which Entity should provide Self-Determined Notifications for jointly-owned Elements?

For jointly-owned facilities, a lead owner, on behalf of the joint owners, should submit any Self-Determined Notifications.

4.8. Under legacy Regional BES definitions, certain transmission elements were considered as BES, but will now be excluded under the new BES definition. What should be submitted in the Self-Determination Notifications?

Elements excluded by application of the new BES Definition must be reported through the self-determined notification process in the BESNet application. This encompasses any such elements included in the BES by legacy Regional BES definitions (for example, line sections tapped directly off a BES line, transformers with the only primary terminal operated at 100 kV, etc...).

The Entity is expected to supply unique circuit identifiers for each of the newly-excluded Elements along with a one-line diagram clearly identifying the Elements being excluded.

5. Exception Request Process

5.1. What process will NERC utilize to make evaluate BES Exception Requests?

Appendix 5C of the NERC Rules of Procedure sets forth the procedure for requesting and receiving an Exception from the application of the BES definition. Appendix 5C is available at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

5.2. What supporting information is needed to submit an exception request?

A “BES Exception Process Review Checklist” is included in the *BES Exception Request Evaluation Guidelines*, located at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

Those considerations provide specificity regarding the data and studies that the Regional Entities and NERC require to evaluate an Exception Request and provide submitting entities with additional information as to the level of analysis expected.

As a general principle, studies should model actual control settings and configurations, model the Year One horizon, address a range of system conditions in terms of load level and generation dispatch, and include an explanation of why the system conditions and contingencies studied are sufficient to address the most limiting system conditions relevant to the requested Exception.

5.3. Who evaluates and approves Exception Requests?

Appendix 5C of the NERC Rules of Procedure governs the process by which an Entity may request and receive an Exception.

The Regional Entities will review exception requests in accordance with the *BES Exception Request Evaluation Guideline*. NERC reviews the Regional Entity recommendations, and then NERC decides all BES Exception Requests, subject to an appeal process.

5.4. What is a technical review panel? Who is on it? How are they chosen?

A Technical Review Panel (TRP) is appointed by the Regional Entity to review the Regional Entity’s proposed recommendation and provide an opinion on the Exception Request before a Regional Entity issues a Recommendation to NERC to disapprove an Exception Request in whole or in part.

A copy of the TRP’s opinion will be provided to the Submitting Entity, and Owner if different, and the Regional Entity. The Regional Entity will not be bound by the opinion of the TRP, but the opinion will become part of the record associated with the Exception Request that is sent to NERC as part of the Regional Entity’s Recommendation.

Each Regional Entity is required to establish provisions for a TRP consisting of not less than three individuals appointed by the Regional Entity senior executive (CEO, President, General Manager, etc.). Panel members could be drawn from the Regional Entity's staff, from other Regional Entities' staffs, consultants, or other subject matter experts. However, all panel members must comply with Subsection 7 of Section 403 of the NERC Rules of Procedure on the use of industry subject matter experts and Regional Entity Members, cannot have participated in the review of the subject Exception Request, and must have the required technical background to evaluate Exception Requests.

It is important to note that the TRP differs from the NERC review panel described under Section 8 of Appendix 5C of the NERC Rules of Procedure.

5.5. What is the NERC review panel? Who is on it?

The NERC review panel is a body established by NERC in accordance with the NERC Rules of Procedure, Appendix 5C, to evaluate Exception Requests and review the Recommendation and accompanying materials (including the Technical Review Panel's opinion, if applicable) provided by the Regional Entity associated with a particular Exception Request.

The NERC president will appoint a team of no less than three persons with the required technical background to evaluate Exception Requests. NERC contemplates that its review teams would be drawn from NERC staff resources, supplemented by contractors as necessary, but situations may arise in which NERC may need to call on consultant subject matter experts to participate as members of NERC review panels, who must comply with the conflict of interest process.

It is important to note that the NERC review panel differs from the TRP described under Section 5 of Appendix 5C of the NERC Rules of Procedure.

5.6. How long will the process take?

In general, assuming a complete application, no appeals, and taking the allotted time for each subtask, the process could take up to 11.5 months, but is anticipated to be shorter for less complicated Exception Requests.

If the Exception Request is appealed to the NERC Board of Trustees Compliance Committee pursuant to Section 1703 of the NERC Rules of Procedure, the process could take an additional 8.5 months, totaling 20 months. This does not include timing related to an appeal to the applicable legal authority or Applicable Governmental Authority.

A Regional Entity, upon consultation with NERC, may extend the time frame of the substantive review process for individual Exception Requests beyond the allotted six months pursuant to Section 5.2.2 or in the case where the Registered Entity supplements its Exception Request pursuant to Section 6.0.

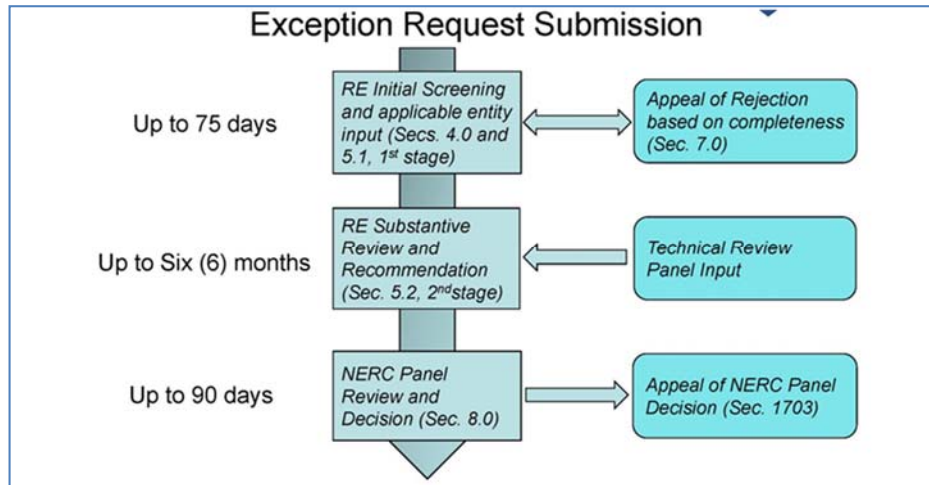


Figure 1: Example of the NERC Exception Process Timeline

5.7. How can an Entity appeal a Rejection of an Exception Request?

Sections 5.1.5b and 7.0 of Appendix 5C of the NERC Rules of Procedure specifically address how a Submitting Entity can appeal a Rejection of an Exception Request by the Regional Entity. Section 5.1.5b states:

If the Regional Entity rejects the Exception Request in accordance with Section 5.1.5 (a), the Regional Entity's notice shall explain the reason for the Rejection. The Submitting Entity may, within thirty (30) days after receipt of the Rejection, appeal to NERC in accordance with Section 7.0 of this Exception Procedure to reverse the Rejection and to direct the Regional Entity to proceed with a substantive review of the Exception Request.

Also, Section 7.0 states:

The Submitting Entity may submit to the NERC Director of Compliance Operations, with a copy to the Regional Entity and Owner if different, information that demonstrates that the insufficiencies in an Exception Request Form identified in the notice of Rejection by the Regional Entity pursuant to Section 5.1.5 are incorrect or otherwise do not warrant Rejection of the Exception Request, and that the Exception Request should be accepted and proceed to substantive review. A Submitting Entity's submission to NERC under this Section 7.0 shall be in writing, shall provide the Exception Request which received the Rejection (using the identifier assigned to the Exception Request pursuant to Section 5.1.2), and shall set forth a description of the errors that the Submitting Entity believes are in the notice of Rejection. The Submitting Entity's submission must demonstrate that it is eligible (in accordance with Section 4.1) to submit the Exception Request and that all Required Information for the Exception Request has been provided. NERC will

review the Submitting Entity's submission and the reports submitted by the Regional Entity or Regional Entities pursuant to Section 5.1.5 with respect to the Exception Request, and if NERC determines that the Submitting Entity is eligible (in accordance with Section 4.1) to submit the Exception Request, that all Required Information has been provided, and that the Exception Request should proceed to substantive review, NERC shall, within forty-five (45) days after receiving the submission, issue a decision directing the Regional Entity to proceed to a substantive review of the Exception Request in accordance with Section 5.2. NERC will send a written notice to the Submitting Entity, the Owner if different, and the Regional Entity stating that NERC either directs the Regional Entity to proceed to a substantive review or that NERC does not direct such a review.

5.8. How can an Entity appeal the NERC decision?

Section 9.0 of Appendix 5C to the NERC Rules of Procedure specifically addresses how an Entity can challenge approval or disapproval of Exception Requests. Section 9.0 states:

A Submitting Entity or Owner aggrieved by NERC's Approval or Disapproval of an Exception Request or termination of an Exception may, within thirty (30) days following the date of NERC's decision, challenge such determination pursuant to Section 1703 of the NERC Rules of Procedure. If neither a Submitting Entity nor Owner challenges, within such period, NERC's determination with respect to any Element to which the Exception Request or the Exception applies, such determination shall become effective with respect to such Element on the thirty-first day following the date of the NERC decision.

5.9. Who can submit BES Exception Requests?

Section 4.1 appendix 5C of the Rules of Procedure states:

The Owner of an Element may submit an Exception Request for either an Inclusion Exception or an Exclusion Exception regarding that Element.

A Regional Entity, Planning Authority, Reliability Coordinator, Transmission Operator, Transmission Provider, and Balancing Authority that has (or will have upon inclusion in the BES) the Elements covered by an Exception Request within its Scope of Responsibility may submit an Exception Request for the inclusion in the BES of an Element or Elements owned by a Registered Entity, provided that before doing so, (i) the Submitting Entity conferred with the Owner about the reasons for an Exception, and (ii) could not reach agreement regarding the submission

of such an Exception Request. (If the Owner agrees with submitting an Exception Request, the Owner should be the Submitting Entity.)

Only a Regional Entity may submit an Exception Request for the inclusion in the BES of an Element or Elements owned by an Owner that is not a Registered Entity.

Only an Owner or a Regional Entity may submit an Exception Request for the exclusion from the BES of an Element.

5.10. What happens if my system configuration changes after I have an approved Exception Request?

Pursuant to Section 11 of Appendix 5C of the NERC Rules of Procedure, Submitting Entities must notify the appropriate Regional Entity, with a copy to NERC, within ninety days of learning of any change of condition that would affect the basis for NERC approving an Exception Request. If a Regional Entity obtains information that indicates an Exception may no longer be warranted it must also notify NERC. In either instance, NERC will review the notification and determine whether to direct the Regional Entity to perform a substantive review to verify continuing justification for the Exception.

The Submitting Entity and Owner will be notified if the Regional Entity makes a Recommendation to terminate the Exception and will have thirty days from the date of the notice to submit comments or information to NERC to show that the Exception continues to be justified and should remain in effect.

When an Element is included in the BES as a result of the termination of an Exclusion Exception, an implementation plan detailing the schedule for complying with any Reliability Standards applicable to the newly included Element will be developed in accordance with Section 10 as if it were an Inclusion Exception.

There is also a periodic certification process, every thirty-six months, requiring each Registered Entity possessing an Exception to certify that the basis for an Element being included or excluded in the BES through the Exception remains valid. If the certification is not made, the Exception will terminate ninety days after the date the certification was due.

5.11. What if I have Elements that cross multiple Regional Entity boundaries?

Exception Requests for Elements that cross multiple Regional Entity boundaries should identify all Regional Entities involved. The Regional Entities will then determine which Regional Entity will take the lead for coordinating the Exception Request and collecting any additional information from the Entity.

5.12. Do I need to go to my Reliability Coordinator or Balancing Authority before submitting my BES Exception Request?

NERC encourages Entities to coordinate with their Reliability Coordinator and Balancing Authority.

Section 4 of Appendix 5C of the NERC Rules of Procedure requires that the Submitting Entity send copies of Section I and II information to each Planning Authority, Reliability Coordinator, Transmission Operator, Transmission Provider, and Balancing Authority that has, or will have upon inclusion in the BES, the Elements covered by an Exception Request within its Scope of Responsibility. Failure to provide Section I and II information may result in Rejection of the Exception Request as incomplete.

The BES Notifications and Exceptions Tool (BESNet) application handles these notifications.

5.13. If an Exception Request is to be submitted for a jointly-owned Element, which Entity should submit the request?

For jointly-owned facilities, a Lead Submitting Entity, on behalf of the joint owners, should be the Entity submitting any Exception Request.

5.14. What if I don't submit a BES self-determined BES notification for an exclusion or an inclusion as a result of the new BES Definition?

Entities are obligated to notify Regional Entities of changes in its status including BES Elements as required in the NERC Rules of Procedure Section 501.1.3.5. Failure to submit a self-determined BES notification for an Element does not exempt an Entity from compliance obligations (see Paragraph 312 of FERC Order No. 773).

5.15. Should I concurrently file a BES Exception Request with NERC and a petition to exclude local Distribution Elements with FERC?

Order 773-A⁴ at Paragraphs 89 and 93 explain that “the two processes are separate, not concurrent and will be used for different determinations” and that FERC “does not direct entities to seek an exception from NERC before seeking a local distribution determination from the Commission.”

If concurrent requests are filed with both FERC and NERC, the Exception Request submitted through the NERC BES Notification and Exception Process will be placed “on hold” until FERC has made a determination.

Under the scenario below, three facilities (A, B and C) have not had prior FERC determinations that they are local distribution facilities. Facilities X, Y and Z have had FERC determinations. All six facilities are considered local distribution by the owner.

Paragraph 93 of Order No. 773-A states:

⁴ For ease of reference, Order No. 773-A is available at:
http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Final_Rule_Rehearing_Clar_BES.pdf

Thus, if an entity believes its facility is a local distribution facility but after applying the bulk electric system definition including inclusions and exclusions the facility is not excluded, the entity may apply to the Commission to determine whether the facility is used for local distribution. Thus, as explained above, the Final Rule contemplates two separate and distinct processes and does not direct entities to seek an exception from NERC before seeking a local distribution determination from the Commission.

For Facilities A, B and C:

- **Step 1:** Apply the BES core definition – are the facilities above 100kV? – Yes.
- **Step 2:** Do any inclusions or exclusions apply? – If Facilities A, B, and C, are eligible for an Exclusion E3, then they are excluded by definition from the BES.
- **Step 3:** A, B, and C are excluded from the definition of BES.
 - **Step 3a:** Enter this information into BESNet as a notification of self-determined exclusion. Will be reviewed for validation by the Regional Entity with oversight by NERC that the definition was properly applied and no mistakes occurred. The entity must notify the Regional Entity/NERC of any changes in accordance with ROP Section 501.1.3.5.
 - **Step 3b:** If the Regional Entity or NERC disagrees with the self-determined exclusion, there are two options. First, the entity may apply to FERC for determination that these are local distribution facilities.
 - **Step 3c:** Second, if FERC disagrees that these are local distribution, the entity may submit an exclusion exception request. If granted, the entity must submit a certification that the exclusion exception remains valid in accordance with ROP Appendix 5C.

For Facilities X, Y and Z:

- **Step 1:** Apply the BES core definition – are the facilities above 100kV? – Yes.
- **Step 2:** Do any inclusions or exclusions apply? – No, however, FERC has made prior determinations that the facilities are local distribution.
- **Step 3:** The entity should discuss with the Regional Entity whether the FERC determinations are consistent with the approved BES definition.
 - **Step 3a:** If the Regional Entity agrees that the facilities can be removed from application of the BES definition, the Entity may enter this into BESNet as a notification of self-determined exclusion. Will be reviewed for validation by the Regional Entity with oversight by NERC that the FERC determinations are consistent with the proper application of the BES definition. The Entity must notify the Regional Entity and NERC of the change of status of these facilities in accordance with ROP Section 501.1.3.5
 - **Step 3b:** If the Regional Entity or NERC disagrees with the self-determined exclusion, discussions should continue between NERC, the Regional Entity and the Entity to resolve the issue.

6. BES Notification and Exceptions Tool (BESNet)

6.1. What is the BESNet application and for what will it be used?

The BES Notifications and Exceptions Tool (BESNet) is an ERO-enterprise tool that provides a workflow-based on-line process that emulates the BES Exceptions Procedure, as outlined in NERC Rules of Procedure Appendix 5, to route, evaluate, and take actions on Exception Requests and Self-Determined Notifications.

Requests for Exceptions and Notifications of Self-Determination to the BES will only be accepted through the BESNet application.

Entities that anticipate submitting a BES Exception Request should contact their applicable Regional Entity, review the relevant training and resource materials, and establish a user account for the BESNet application.

6.2. When will BESNet be available for submitting Exception Requests or Self-Determined Notifications?

The web-based BESNet application will be available July 1, 2014, for entering Exception Requests or Self-Determined Notifications.

6.3. Will there be software-related User Guides?

Users Guides for the BESNet application will be available and posted at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

The *BESNet Users Guides* will be updated periodically based on feedback received by the user group.

6.4. Is the information I enter into the BESNet application safe and secure?

NERC has undertaken a number of steps to secure the BESNet application:

- The BESNet databases are fully encrypted.
- During development, “white-box” and “gray-box” software security assessments were performed, and potential vulnerabilities were identified and addressed.
- Penetration tests of the BESNet infrastructure were performed and passed in 2013 and 2014, and will be periodically repeated.
- BESNet servers are monitored by a third party.
- Internal and external vulnerability scans are routinely performed on the ERO Environment.
- User vetting process is performed during account set-up.
- All application access and communication between servers in the BESNet environment is encrypted via SSL protocols that have been verified to be free of the “Heartbleed” vulnerability.

6.5. Am I required to register for BESnet access?

Entities who intend to submit Self Determined Notifications or Exception Requests must have an ERO Enterprise account with access to the BESnet application in order to do so. Additionally, all entities registered as a Reliability Coordinator, Planning Authority, Transmission Operator, Transmission Planner, or Balancing Authority must have an ERO Enterprise account with access to the BESnet application in order to ensure receipt of notifications of any BES Exception Requests made by other Registered Entities (e.g. Transmission Owners, Generator Owners) for facilities within the recipient's area of responsibility.

6.6. Our company is divided into several organizational units that are exclusively registered as different NERC Functional Entities. How should we register for BESnet access?

We are asking all registered entities to set up an Entity Administrator. The BESnet application grants access to users based on NCR number, so one person's account can have access to multiple NCRs. Depending on how your company is organized, you may have an account with access for all NCRs, an account for each NCR, or any mix of the two. The same is true for regular (non-administrator) user accounts. Storing and processing of actual submissions is handled by NCR, rather than being associated with a specific user.

6.7. I am preparing a series of Self-Determined Notifications (SDNs) and Exception Requests (ERs) for a number of Elements on my transmission system. How should the groupings of Elements be organized so as to provide an orderly and efficient approach that will minimize effort, aid review and expedite approval?

When submitting either an SDN or an ER, multiple Elements (either at the same location or at different locations within the geographic boundaries of a Regional Entity) may be included in one submission with all such Elements or sets of connected Elements separately identified. The Elements within a submission must share a common basis for their BES categorization, and should be similar in form and/or function to aid in efficient processing (for example, all transformers of a certain type, size, or configuration).

Each submission should be as straightforward as possible while including the largest grouping of similar Elements. Considerations to keep in mind include:

- a) SDNs must be submitted separately from ERs. Because the method of processing SDNs, is different than that of ERs, there is no way in the BESNet application to create a single submission that contains both a Notification and an Exception Request.
- b) The basis (Core Definition, Not Core Definition, the specific Inclusions, and the specific Exclusions) for an underlying Element or Elements classification within a single submission cannot be mixed. For example, a user cannot submit an SDN

- based on both I1 AND I2. While you can include multiple elements in a single submission, their BES classification must share a common basis.
- c) Submissions may be grouped on a geographical basis, a regional basis, or any other basis that you desire (for example, Eastern Operating Company, Western Operating Company, etc.)
 - d) Multiple inter-regional Elements cannot be submitted as part of a single SDN or ER.
 - e) The BESNet “association” function should be used for interrelated submissions. For example, an entity could place generation related exclusions in one ER, and then use the “Associated Exception Request” function to link to another ER containing related transformer and/or line Elements.
 - f) Include supporting documentation with your submissions that provide sufficient evidence supporting the basis for BES classification. Include one-line diagrams that provide sufficient detail to support the basis of your submission. Google maps or other aerial photographs are not sufficient.
 - g) A short summary of the logic being applied, which references the submitted supporting documents and cross references any relevant NERC guidance, will expedite the review process.

7. Compliance and Registration Questions

7.1. What is the implementation plan for the new BES definition, and when do the related compliance obligations begin?

The new BES definition becomes effective July 1, 2014. According to the *Implementation Plan for Project 2010-17: Definition of BES*, the compliance obligations begin:

- Twenty-four months after the applicable effective date of the definition (for newly identified Elements), or
- If a longer time frame is needed for an Entity to be fully compliant with all standards applicable to an Element or group of Elements that are newly identified through application of the BES definition, the appropriate time frame may be determined on a case-by-case basis by mutual agreement between the Regional Entity and the Element owner/operator, and subject to review by the ERO.

7.2. When will compliance be mandatory with NERC Reliability Standards for existing Elements that are newly identified as BES Elements?

For existing Elements that have not been a part of the BES prior to July 1, 2014, but have now been newly identified as part of the BES, Entities will need to be in compliance with the NERC Reliability Standards by July 1, 2016.

7.3. When do compliance obligations begin for newly built Elements that are classified as BES Elements under the new BES definition?

After July 1, 2014, for those newly built Elements that qualify as BES Elements, Entities must be compliant for that Element as of its energization, as per current processes.

Existing Facilities that are now part of the BES and remain a part of the BES must remain compliant at all times.

7.4. What are the obligations of the owner of a Facility that is designated as a part of the BES?

Users, owners, and operators of the BES Facilities must register as transmission owners, generation owners, transmission operators, or generation operators as appropriate, according to the NERC Statement of Compliance Registry Criteria.

Entities owning or operating BES Elements are subject to compliance with the applicable NERC Reliability Standards. It should be noted, however, that several standards refer to Elements that are connected to or impact Reliable Operation of the BES and, therefore, standards may apply in such cases to non-BES Elements.

7.5 If I need to register based on the new BES definition, when should I register?

Entities that have existing Elements that are newly identified as part of the BES by the application of the new BES definition are encouraged to register as soon as practical after July 1, 2014. However, if there are any questions as to whether such Elements should be excluded from the BES through the Exception Request process, Entities should contact the appropriate Regional Entity regarding registration.

7.6. If an Entity does not own or operate BES assets, does that mean they have to follow NERC standards?

Yes, if they meet other criteria in the NERC *Statement of Compliance Registry Criteria* to be a Registered Entity. NERC Reliability Standards are applicable to users of the Bulk Electric System, not just owners and operators. As an example, Distribution Providers, Purchasing-Selling Entities, and Load-Serving Entities are users of the BES, even though they may not own or operate Facilities in the BES.

7.7. Can an Entity's registration requirements change as a result of applying the new BES definition?

NERC's objective in implementing the revised BES definition is to ensure that the proper Entities are registered and responsible for Reliability Standards that are necessary to ensure the reliability of the BPS. In Order No. 773 (at Paragraph 55), FERC stated, "[w]e do not expect there to be significant numbers of entities either needing to register or deregister due to the change in definition." NERC shares FERC's expectation that only a small number of Entities will require changes to their NERC registration as a result of the revised BES definition.

An Entity seeking to modify its current registration, including de-registration or deactivation, must inform its applicable Regional Entity of this change in status. In turn, the Regional Entity will notify NERC of such changes. All changes to registration are processed by the NERC registration and certification department, in accordance with the NERC Rules of Procedure.

7.8. If an Element is excluded from the BES through an exception request, what happens to compliance obligations, monitoring and enforcement?

From the point in time at which the exception request is made to such time as that request is approved, compliance obligations remain in force. Once an Element is excluded from the BES through an approved Exception Request, for all cases in which the excluded Element would have previously been subject to Reliability Standards and Requirements, compliance obligations for those standards will be considered to have ceased upon the affirmative determination of the exception request.

7.9. If an Element is excluded from the BES through self-determination, what happens to compliance obligations, monitoring and enforcement?

The Notification will be reviewed for validation by the Regional Entity, with oversight by NERC, to ensure that the BES Definition was properly applied and no mistakes occurred. The registered entity can facilitate this effort by reviewing these situations with the Regional Entity prior to formally submitting the Notification. This will provide the greatest confidence of appropriate application of the BES Definition to the specific circumstances and facilitate consistent application of the Definition. Once validation is concluded, the registered entity will be advised of the determination. An Element will not be excluded from the BES until the removal is validated.

Until the validation process described for Self-Determined Notifications of Exclusion is completed, the registered entity has the potential to be subject to applicable Reliability Standards. Any instances of non-compliance for potentially excluded Elements will be held in abeyance until such time as the Notification is validated by the Regional Entity, with NERC oversight as described above. If the Self-Determined Notification of Exclusion is accepted as valid, instances of potential non-compliance involving excluded Elements that occurred after the submission of the complete and proper Notification up to the date of its validation will be closed, barring any unique facts and circumstances. A Self-Determined Notification of Exclusion that is incomplete or based on improper application of the BES Definition will result in Elements associated with that Notification remaining subject to compliance monitoring and enforcement until such time all required information is submitted and the BES Definition is correctly applied.

If a Regional Entity believes that a Notification of a Self-Determined Exclusion is based on an incorrect application of the Definition and is unable to come to a common understanding of the Definition with the submitting entity, the Notification will be rejected and the Element at issue will remain part of the BES by application of the Definition. Registered Entities retain the option to pursue exclusion through the exception process.

7.10. In FERC Order No. 773-A (P 109), FERC stated, “in the absence of bad faith, if a registered entity applies the bulk electric system definition and determines that an element no longer qualifies as part of the bulk electric system, upon notifying the appropriate Regional Entity that the element is no longer part of the bulk electric system the element should not be treated as part of the bulk electric system unless NERC makes a contrary determination in the exception process.” How is NERC implementing this language?

NERC is implementing its processes with the expectation that entities will submit Self-Determined Notifications in “good faith.” Good faith Self-Determinations are those that are made consistent with the BES Definition and reference materials provided by NERC. Taken together, Order Nos. 773 and 773-A, as well as the NERC Rules of Procedure, point to the need for, and appropriateness of, NERC and the Regional Entity review of a Notification to determine if it comports with the Definition and validate the Notification to confirm appropriate application of the Definition.

7.11. For excluded facilities, do I still have any compliance obligations?

Possibly. The BES definition by itself does not establish whether or not an entity has a responsibility to comply with NERC standards. In order to understand compliance obligations, an entity must consider its registration obligations, the applicability of the standards, and the BES categorization of its elements and facilities. The Registration Criteria contained in Appendix 5B of NERC's Rules of Procedure describe what entities must register, and for what functions they must register. These functional registrations generally define what standards may apply to an entity (*e.g.*, BAL-002 Disturbance Control Performance; TPL-001 Transmission System Planning Performance Requirements), although some standards include additional criteria to further refine the applicability of a standard (*e.g.*, BAL-001 Real Power Balancing Control Performance and its limited applicability for Balancing Authorities; PRC-023 Transmission Relay Loadability and its limited applicability based on circuit criteria). Additionally, some standards apply to functions performed regardless of the existence of BES elements and facilities (*e.g.*, IRO-001 Reliability Coordination - Responsibilities and Authorities). Finally, some standards apply to specifically identified equipment that comprises the Bulk Power System, of which the Bulk Electric System is a subset (*e.g.*, PRC-010 Technical Assessment of the Design and Effectiveness of Undervoltage Load Shedding Program). In summary, all three areas – registration, standards applicability, and the BES definition – must be considered together in order to fully understand an entity's compliance obligations.

7.12. If I am registered for the Distribution Provider function and I do not own or operate any BES Elements, can I request deactivation of my compliance registration?

BES protection schemes, including Underfrequency Load Shedding (UFLS), Undervoltage Load Shedding (UVLS), or Special Protection Systems (SPS) and Remedial Action Schemes (RAS), support the reliability of the Bulk Electric System (BES), often serving as the “last-resort” tool for avoiding a total power system blackout. Consequently, NERC and the Regional Entities will not approve the deactivation of the DP function for Registered Entities on the NERC Compliance Registry that have these types of protection devices, solely on the basis that the entity does not own or operate a BES Element by application of the BES Definition. NERC and the Regional Entities will evaluate the relevant facts and circumstances in reaching a decision.

Registered Entities currently performing the DP function may determine to file a Self-Determined Notification of Exclusion of Elements based on the current BES Definition. There is no automatic change in the registration status of an entity for any functional registration categories if a particular Element is excluded from the BES Definition either through the Self-Determined Notification of Exclusion or the BES Exception process. Determinations of registration status are addressed through the registration program. NERC believes that the deactivation of the DP function registration of Registered Entities that have responsibilities relating to BES protection schemes including UFLS, UVLS, and SPS/RAS equipment would present a reliability risk due to the lack of compliance oversight. These types of equipment are essential to the reliable operation

of the BES, even in cases where the equipment is installed below the BES 100 kV bright line. In addition, NERC will closely evaluate requests which involve entities that have transmission Remedial Action Schemes or other types of schemes that have the same or similar BES system protection objectives.

Registered Entities should note that if an Element owned by an entity is excluded from the BES Definition, either through an Exclusion Exception Request or a validated Self-Determined Notification of Exclusion, this exclusion alone does not necessarily provide for deactivation of any functional registration from the NERC Compliance Registry. The Registration Criteria states that a “Distribution Provider is the responsible entity that owns, controls, or operates Facilities that are part of any of the following Protection Systems or programs designed, installed, and operated for the protection of the Bulk Power System.” The list includes references to required UFLS programs, UVLS programs, SPS/RAS and transmission Protection Systems. The importance of these programs to system reliability is not diminished by the revised BES Definition.

Under the current registration rules, entities have an opportunity to establish that they are not material to the reliability. Such determinations depend on the specific facts and circumstances. In the future, NERC is moving forward with a new proposal for Distribution Provider registration criteria related to the Risk-Based Registration (RBR) initiative. The proposed criteria will accommodate those DPs who are registered only as a result of the owning of UFLS systems and will include a reduced set of reliability standards for which UFLS-Only DPs will be responsible. RBR also will build on current authority to allow an entity to make a case that it should not remain registered if it is not material to the reliability of the BES. To ensure consistency, a new materiality test is being developed that would be reviewed by a new NERC-led panel comprised of NERC and Regional Entity participants, that the entity is not material to the reliability of the BES and should not remain registered as a DP. The draft design program also includes a process for determining a sub-set of applicable Reliability Standards.

NERC notes that, to the extent that direct application of the BES Definition results in a determination that an Entity’s Elements are not BES, an Inclusion Exception process can be initiated by a Responsible Entity to bring such Elements back into the BES. While this would not affect the DP registration status, it may affect other functional registration categories.

7.13. For SDNs reverted to draft and resubmitted, does the date of resubmission have any impact on compliance obligations?

For those entities that provided all necessary information with their original SDN submittal, and their submittal has been found to be valid, compliance obligations will be addressed as described in Question 7.9 of the BES FAQ

(<http://www.nerc.com/pa/RAPA/BES%20DL/BES%20FAQs.pdf>).

For those entities that did not provide all necessary information with their original SDN submittal, and were required to resubmit, once their resubmission is found to be valid,

the effective submittal date for the purposes of the process described in FAQ 7.9 shall be considered the date of the resubmittal, not that of the original submission.

For all valid submittals and resubmittals received on or before September 1, 2014, the submittal date for the purposes of the process described in FAQ 7.9 shall be considered to be July 1, 2014.

If an SDNs was reverted to draft and the SDN was resubmitted after September 1, 2014, the effective submittal date for the purposes of the process described in FAQ 7.9 shall be considered the date of the resubmittal, not July 1, 2014.

8. NERC Process

8.1. Will the BES definition be applied consistently across the Regional Entities?

The BES Drafting Team has prepared a *Bulk Electric System Definition Reference Document* to support consistent application of the BES definition. Those documents are posted at:

<http://www.nerc.com/pa/RAPA/Pages/BES.aspx>.

NERC and Regional Entity staffs are coordinating the implementation of the new BES definition and have developed several procedures to ensure consistency. A common checklist has been developed for Regional Entities to use when reviewing Self-Determined Notifications of BES changes. Challenges to the notifications are done via the Exception process. Guidelines for BES Exception Evaluation were also developed for use by NERC and the Regional Entities. Finally, NERC must approve all Exception Requests for inclusion or exclusion from the BES.

8.2. If my Element is not considered a part of the BES, might I still be required to provide information to NERC about it?

Yes. Even if an Element is not classified as part of the BES, information about it may be needed to analyze the effects of load, reactive support, and energy injection on the reliability of the overall electric system. One example of data that might be required is modeling data for powerflow and dynamic analysis. Similarly, information on underfrequency load shedding (UFLS) and undervoltage load shedding (UVLS) may be necessary to understand expected system performance. Additional data may be required by NERC or the Regions based on specific configurations or scenarios.

9. FERC

9.1. Does FERC have a role in designating Facilities as part of the BES?

In Order No. 773 (at Paragraph 66), FERC approved NERC's BES Exception Request process to determine the technical issue of whether Facilities are part of the BES; however, FERC determined that the jurisdictional question of whether Facilities are "used in local distribution" will be decided by FERC. Thus, FERC reserved authority to designate sub-100 kV Facilities, or other Facilities, as part of the BES.

FERC also established a process by which an Entity can seek a determination by FERC whether Facilities are "used in local distribution" as set forth in the Federal Power Act. The Commission will make such case-by-case jurisdictional determinations by applying the Seven Factor Test set forth in Order No. 888.

9.2. Should I concurrently file a BES Exception Request with NERC and a petition to exclude local Distribution Elements with FERC?

Order 773-A at Paragraphs 89 and 93 explain that "the two processes are separate, not concurrent and will be used for different determinations" and that FERC "does not direct entities to seek an exception from NERC before seeking a local distribution determination from the Commission."

When and whether to submit such a jurisdictional question to FERC are business and legal decisions for a registered entity, upon which NERC is not opining in this Frequently Asked Question list.

10. Definition Questions

10.1. Protection Systems were explicitly included in the Legacy Regional Definition and the new NERC BES Definition is silent on Protection Systems. Do I need to do anything in BESnet for these Protection Systems?

No. Because Protection Systems are neither included nor excluded per the NERC BES Definition, Entities are not required to provide a Notification of Self-Determination to their Regional Entity or submit Exception Requests for these Protection Systems through the BESNet application. To the extent that a Protection System is needed to comply with a Reliability Standard (i.e., PRC-005), compliance obligations continue, independent of the application of the NERC BES definition.