

These definitions will be posted and balloted along with the standard, but will not be restated in the standard. Instead, they will be included in a separate “Definitions” section containing definitions relevant to all standards that NERC develops.

DEFINITIONS

Facility: A set of electrical equipment that operates as a single bulk electric system element (e.g., a line, a generating unit, a shunt compensator, transformer, etc.)

Facility Rating: The maximum or minimum voltage, current, frequency, real or reactive power flow through a facility that does not violate an applicable rating of any equipment comprising the facility.

Equipment Rating: The maximum and minimum voltage, current, frequency, real and reactive power flows on individual equipment apparatus under steady state, short-circuit and transient conditions, as permitted or assigned by the equipment owner.

System Operating Limit: The maximum or minimum permissible value (e.g., MW, MVAR, MVA, current, frequency, voltage) on a facility or a limited group of facilities without violating applicable facility ratings and reliability criteria, as determined through system studies and/or operational experience. System operating limits may result from voltage, thermal or stability limits associated with one or more facilities. (Stability and voltage limits may be reflected as a permissible loading level.) System operating limits may refer to limits in both real-time operations and planning studies.

Transfer Capability: The measure of the ability of the interconnected electric system to reliably move or transfer electric power from one area to another over all transmission lines (or paths) between those areas under specified system conditions. The determination of transfer capability must adhere to applicable system operating limits.

In this standard, the terms *reliability authority*, *planning authority*, *generator*, *transmission operator* and *transmission service provider* refer to the entities performing these functions as defined in the functional model.

600 — DETERMINE FACILITY RATINGS, SYSTEM OPERATING LIMITS, AND TRANSFER CAPABILITIES

- 601 Facility Ratings Methodology
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- 604 Establish and Communicate System Operating Limits
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1. **Purpose:** To determine facility ratings, system operating limits, and transfer capabilities necessary to plan and operate the bulk electric system within predefined facility and operating limits such that cascading outages, uncontrolled system separation, and voltage and transient instability are avoided.
2. **Effective Period:** This standard will become effective upon the date of NERC Board of Trustees adoption.
3. **Applicability:** This standard applies to entities performing various electric system functions, as defined in the functional model approved by the NERC Board of Trustees in June 2001. NERC is now developing standards and procedures for the identification and certification of such entities. Until that identification and certification is complete, these standards apply to the existing entities (such as control areas, transmission owners and operators, and generation owners and operators) that are currently performing the defined functions.

601 Facility Ratings Methodology

1. Requirement

- 1.1. Transmission owners and generator owners shall document the methodology used for rating their facilities.
- 1.2. The methodology required in 601.1.1. shall state that facility ratings shall not exceed the applicable ratings of the individual equipment that comprises the facility.
- 1.3. The methodology required in 601.1.1. shall identify the assumptions used to determine facility ratings, including the method by which ratings of major bulk electric system equipment types, including at a minimum generators, transmission lines, transformers, disconnecting devices, series and shunt compensation devices that comprise the facilities are determined and references to industry rating practices or other standards (e.g., IEEE, ANSI, CSA), when applied.

2. Measures

- 2.1. The methodology required in 601.1.1. shall be made available for inspection by the compliance monitor and the reliability authority and planning authority for the areas in which the facilities are located within 15 business days of receipt of a request.
- 2.2. The methodology required in 601.1.1. shall contain all items listed in 601.1.2. and 601.1.3.

3. Regional Differences

None.

4. Compliance Monitoring Process

- 4.1. The responsible entity shall demonstrate compliance to the compliance monitor within the first year that this standard becomes effective or the first year the entity commences operation by information submittal to the compliance monitor, either on or off site.
- 4.2. Subsequent to the initial compliance review, compliance will be:
 - 4.2.1. Self-certified at least once every three years.
 - 4.2.2. Verified by information submittal to the compliance monitor, either on or off site, at least once every ten years.
 - 4.2.3. Verified at any time as the result of a complaint.
- 4.3. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: The facility ratings methodology does not contain 601.1.2. **or** address one of the items listed in 601.1.3.
- 5.2. Level two:
 - 5.2.1. The facility ratings methodology does not contain 601.1.2. **and** does not address one of the items listed in 601.1.3; **OR**

5.2.2. The facility ratings methodology does not address two of the applicable equipment types listed in 601.1.3.

5.3. Level three:

5.3.1. The facility ratings methodology does not contain 601.1.2. **and** does not address two or more of the items listed in 601.1.3; **OR**

5.3.2. The facility ratings methodology does not address three or more of the applicable equipment types listed in 601.1.3.

5.4. Level four: The facility ratings methodology was not made available for inspection by the compliance monitor, and the reliability authority and planning authority within 15 business days of receipt of a request by any of these entities.

6. Sanctions

6.1. Sanctions for noncompliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference), **but no financial penalties will be enforced.** Noncompliance sanctions shall consist of letters, issued in accordance with the matrix.

602 Establish and Communicate Facility Ratings

1. Requirement

- 1.1. The transmission owner and generator owner shall establish facility ratings for their electric facilities.
- 1.2. The transmission owner and generator owner shall provide facility ratings for their electric facilities to their associated reliability authority, planning authority, and transmission operator.

2. Measures

- 2.1. Responsible entities shall develop their facility ratings consistent with their ratings methodology, described in 601.1.
- 2.2. Responsible entities shall provide facility ratings associated with existing facilities, new facilities, modifications to existing facilities, or re-ratings of existing facilities to the reliability authority, planning authority and transmission operator on a schedule established by the reliability authority, planning authority, and transmission operator.

3. Regional Differences

None.

4. Compliance Monitoring Process

- 4.1. At least once every three years, the compliance monitor will verify by information submittal, either on or off site, that randomly selected facility ratings were developed consistent with ratings methodology.
- 4.2. Annually the compliance monitor will request verification from the reliability authority, planning authority, and transmission operator that each is being provided facility ratings in accordance with its respective schedules.
- 4.3. Upon complaint from the reliability authority, planning authority, or transmission operator, the compliance monitor will assess the responsible entity's performance under this requirement by information submittal, either on or off site.
- 4.4. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until the deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: All requested facility ratings associated with existing facilities were not provided to the reliability authority, planning authority, and transmission operator in accordance with their respective schedules.
- 5.2. Level two: All facility ratings associated with new facilities, modifications to existing facilities, or re-ratings of existing facilities were not provided upon request to the reliability authority, planning authority, and transmission operator in accordance with their respective schedules.
- 5.3. Level three: Facility ratings provided were not developed consistent with ratings methodology.
- 5.4. Level four: No facility ratings were provided to the reliability authority, planning authority, or transmission operator in accordance with their respective schedules.

6. Sanctions

- 6.1. Sanctions for non-compliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference). In cases where financial penalties are assigned for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the per MW sanctions.

603 System Operating Limits Methodology

1. Requirement

- 1.1. The reliability authority, planning authority, and transmission operator shall document the methodology used for determining system operating limits for the areas for which they are responsible.
- 1.2. The methodology required in 603.1.1. shall state that system operating limits shall not violate the applicable facility ratings.
- 1.3. The methodology required in 603.1.1. shall require that system operating limits are established such that operation within the system operating limit will avoid system performance outside that prescribed in Table I below:

1.3.1. **Table I. Transmission Systems — Normal and Contingency Conditions**

Category	Contingencies	Elements	System Limits or Impacts				
			Thermal Limits	Voltage Limits	System Stable	Loss of Demand or Curtailed Firm Transfers	Cascading Outages ^c
	Initiating Event(s) and Contingency Element(s)	Out of Service					
A - No Contingencies	All Facilities in Service	None	Applicable Rating ^a (A/R)	Applicable Rating ^a (A/R)	Yes	No	No
B - Event resulting in the loss of a single element.	Single Line Ground (SLG) or 3-Phase (3Ø) Fault, with Normal Clearing:						
	1. Generator	Single	A/R	A/R	Yes	No ^b	No
	2. Transmission Circuit	Single	A/R	A/R	Yes	No ^b	No
	3. Transformer	Single	A/R	A/R	Yes	No ^b	No
	Loss of an Element without a Fault	Single	A/R	A/R	Yes	No ^b	No
	Single Pole Block, Normal Clearing ^d :						
	4. Single Pole (dc) Line	Single	A/R	A/R	Yes	No ^b	No

- a) Applicable rating (A/R) refers to the applicable normal and emergency facility thermal rating or system voltage limit as determined and consistently applied by the system or facility owner. Applicable ratings may include emergency ratings applicable for short durations as required to permit operating steps necessary to maintain system control. All ratings must be established consistent with applicable NERC Planning Standards addressing facility ratings.
- b) Planned or controlled interruption of electric supply to radial customers or some local network customers, connected to or supplied by the faulted element or by the affected area, may occur in certain areas without impacting the overall security of the interconnected transmission systems. To prepare for the next contingency, system adjustments are permitted, including curtailments of contracted firm (non-recallable reserved) electric power transfers.
- c) Cascading is the uncontrolled successive loss of system elements triggered by an incident at any location. Cascading results in widespread service interruption that cannot be restrained from sequentially spreading beyond an area predetermined by appropriate studies.
- d) System assessments may exclude these events where multiple circuit towers are used over short distances (e.g., station entrance, river crossings) in accordance with Regional exemption criteria.

- 1.4. The methodology required in 603.1.1. shall include a description of how the following are addressed in the determination of system operating limits, at a minimum:
 - 1.4.1. Applicable contingencies.
 - 1.4.2. The accuracy and level of detail of system models.
 - 1.4.3. Special protection systems or remedial action plans.
 - 1.4.4. Transmission system configuration, generation dispatch and load level.
 - 1.4.5. Any reliability margins used in the determination of system operating limits to address uncertainty in the conditions listed in 603.1.4.1.-1.4.4.

2. Measures

- 2.1. The methodology required in 603.1.1. shall be made available for inspection by the compliance monitor and the reliability authority and planning authority for the areas in which the facilities are located within 15 business days of receipt of a request.
- 2.2. The methodology required in 603.1.1. shall address all items listed in 603.1.2.-603.1.4.

3. Regional Differences

- 3.1. NPCC requires that 603.1.3.1. be replaced by:

Table IA. NPCC Transmission Systems — Normal and Contingency Conditions

Category	Contingencies	Elements	System Limits or Impacts				
			Thermal Limits	Voltage Limits	System Stable	Loss of Demand or Curtailed Firm Transfers	Cascading ¹ Outages
	Initiating Event(s) and Contingency Element(s)	Out of Service	Applicable Rating ^a (A/R)	Applicable Rating ^a (A/R)	Yes	No	No
A - No Contingencies	All Facilities in Service	None	Applicable Rating ^a (A/R)	Applicable Rating ^a (A/R)	Yes	No	No
B - Event resulting in the loss of a single element.	Single Line Ground (SLG) or 3-Phase (3Ø) Fault, with Normal Clearing:	Single	A/R	A/R	Yes	No ^b	No
	1. Generator	Single	A/R	A/R	Yes	No ^b	No
	2. Transmission Circuit	Single	A/R	A/R	Yes	No ^b	No
	3. Transformer	Single	A/R	A/R	Yes	No ^b	No
	Loss of an Element without a Fault.						
	Single Pole Block, Normal Clearing ^c :						
	4. Single Pole (dc) Line	Single	A/R	A/R	Yes	No ^b	No
C - Event(s) resulting in the loss of two or more (multiple) elements.	SLG Fault, with Normal Clearing ^c :						
	1. Bus Section	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No
	2. Breaker (failure or internal fault)	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No
	Double Circuit Tower, with Normal Clearing ^c :						
	3. Simultaneous permanent phase to ground faults on different phases of two adjacent transmission circuits on a multiple circuit tower, with normal fault clearing. If multiple circuit towers are used only for station entrance and exit purposes, and if they do not exceed five towers at each station, then this condition is an acceptable risk and therefore can be excluded.	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No
	Bipolar Loss, without AC fault						
	4. Simultaneous permanent loss of both poles of a direct current bipolar (dc) facility without an AC fault	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No
SLG Fault, with Delayed Clearing ^c (stuck breaker or protection system failure):							
6. Transformer.	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No	
7. Transmission Circuit	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No	
8. Bus Section	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No	
SPS Failure:							
9. The failure of a circuit breaker associated with an SPS to operate when required following: loss of any element without a fault; or a permanent SLG without normal fault clearing, on any transmission circuit, transformer, or bus section.	Multiple	A/R	A/R	Yes	Planned/Controlled ^d	No	

- a) Applicable rating (A/R) refers to the applicable normal and emergency facility thermal rating or system voltage limit as determined and consistently applied by the system or facility owner. Applicable ratings may include emergency ratings applicable for short durations as required to permit operating steps necessary to maintain system control. All ratings must be established consistent with applicable NERC Planning Standards addressing facility ratings.
- b) Planned or controlled interruption of electric supply to radial customers or some local network customers, connected to or supplied by the faulted element or by the affected area, may occur in certain areas without impacting the overall security of the interconnected transmission systems. To prepare for the next contingency, system adjustments are permitted, including curtailments of contracted firm (non-recallable reserved) electric power transfers.
- c) Cascading is the uncontrolled successive loss of system elements triggered by an incident at any location. Cascading results in widespread service interruption which cannot be restrained from sequentially spreading beyond an area predetermined by appropriate studies.
- d) Depending on system design and expected system impacts, the controlled interruption of electric supply to customers (load shedding), the planned removal from service of certain generators, and/or the curtailment of contracted firm (non-recallable reserved) electric power transfers may be necessary to maintain the overall security of the interconnected transmission systems.

e) Normal clearing is when the protection system operates as designed and the fault is cleared in the time normally expected with proper functioning of the installed

protection systems. Delayed clearing of a fault is due to failure of any protection system component such as a relay, circuit breaker, or current transformer (CT), and not because of an intentional design delay.

f) System assessments may exclude these events where multiple circuit towers are used over short distances (e.g., station entrance, river crossings) in accordance with Regional exemption criteria.

4. Compliance Monitoring Process

- 4.1. The responsible entity shall demonstrate compliance to the compliance monitor, within the first year that this standard becomes effective or the first year the entity commences operation, by information submittal to the compliance monitor, either on or off site.
- 4.2. Subsequent to the initial compliance review, compliance will be:
 - 4.2.1. Self-certified at least once every three years.
 - 4.2.2. Verified by information submittal to the compliance monitor, either on or off site, at least once every ten years.
 - 4.2.3. Verified at any time as the result of a complaint.
- 4.3. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until the deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: The system operating limits methodology did not contain the item listed in 603.1.3.
- 5.2. Level two: The system operating limits methodology did not contain the item listed in 603.1.2.
- 5.3. Level three: The system operating limits methodology did not contain the item listed in either 603.1.2. or 603.1.3, and any two items listed in 603.1.4.
- 5.4. Level four: The system operating limits methodology was not made available for inspection by the compliance monitor or the reliability authority or planning authority within 15 business days of receipt of a request.

6. Sanctions

- 6.1. Sanctions for noncompliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference), **but no financial penalties will be enforced.** Noncompliance sanctions shall consist of letters, issued in accordance with the matrix.

604 Establish and Communicate System Operating Limits

1. Requirement

- 1.1. The reliability authority, planning authority, and transmission operator shall establish system operating limits for the areas for which they are responsible.
- 1.2. The reliability authority, planning authority, and transmission operator shall provide system operating limits for the area for which they are responsible to their associated transmission operators, planning authorities, transmission service providers, and reliability authorities.

2. Measures

- 2.1. Responsible entities shall develop their system operating limits consistent with their system operating limit methodology, described in 603.1.
- 2.2. Reliability authorities and transmission operators shall provide system operating limits to transmission service providers and transmission operators within their reliability area for the time horizon for which they are responsible (e.g., the current day, next day, etc.) on a schedule established by the transmission operators and transmission service providers.
- 2.3. Planning authorities shall provide system operating limits to transmission service providers, transmission operators, and reliability authorities function within their reliability area for the time horizon for which they are responsible on a schedule established by the transmission operator, transmission service provider, and reliability authority.

3. Regional Differences

None.

4. Compliance Monitoring Process

- 4.1. At least once every three years, the compliance monitor will verify by information submittal, either on or off site, that randomly selected system operating limits ratings are developed consistent with system operating limits methodology.
- 4.2. Annually the compliance monitor will request verification from the entities performing the reliability authority, planning authority or transmission operator function that each is being provided system operating limits in accordance with their respective schedules.
- 4.3. Upon complaint from the reliability authority, planning authority or transmission operator, the compliance monitor will assess the responsible entity's performance under this requirement by information submittal, either on or off site.
- 4.4. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until the deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: (Not specified)

- 5.2. Level two: System operating limits were not provided upon request to the transmission service provider, transmission operator, and reliability authority within their reliability area for the time horizon for which they are responsible in accordance with their respective schedules.
- 5.3. Level three: System operating limits provided were not developed consistent with system operating limits methodology.
- 5.4. Level four: No system operating limits were provided to the reliability authority, planning authority, or transmission operator in accordance with their respective schedules.

6. Sanctions

- 6.1. Sanctions for noncompliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference). In cases where financial penalties are assigned for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the per MW sanctions.

605 Transfer Capability Methodology

1. Requirement

- 1.1. The reliability authority and planning authority shall document the methodology they use for determining transfer capabilities.
- 1.2. The methodology required in 605.1.1. shall state that transfer capabilities shall adhere to all applicable system operating limits.
- 1.3. The methodology required in 605.1.1. shall include a description of how the following are addressed:
 - 1.3.1. Transmission system topology.
 - 1.3.2. System demand.
 - 1.3.3. Generation dispatch.
 - 1.3.4. Current and projected transmission uses.
 - 1.3.5. Any reliability margins applied to reflect uncertainty associated with projected system conditions listed in 605.1.3.1.

2. Measures

- 2.1. Responsible entities shall make the methodology required in 605.1.1. available for inspection by the compliance monitor and associated reliability authorities and planning authorities within 15 business days of receipt of a request.
- 2.2. The methodology required in 605.1.1. shall address all items listed in 605.1.2. and 605.1.3.

3. Regional Differences

None.

4. Compliance Monitoring Process

- 4.1. The responsible entity shall demonstrate compliance to the compliance monitor within the first year that this standard becomes effective or the first year the entity commences operation, by information submittal to the compliance monitor, either on or off site.
- 4.2. Subsequent to the initial compliance review, compliance will be:
 - 4.2.1. Self-certified at least once every three years.
 - 4.2.2. Verified by information submittal to the compliance monitor, either on or off site, at least once every ten years.
 - 4.2.3. Verified at any time as the result of a complaint.
- 4.3. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until the deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: The transfer capability methodology does not contain the item listed in 605.1.2. **or** address one of the items listed in 605.1.3.

- 5.2. Level two:
 - 5.2.1. The transfer capability methodology does not contain the item listed in 605.1.2. **and** does not address one of the items listed in 605.1.3; **OR**
 - 5.2.2. The transfer capability methodology does not address two of the equipment types listed in 605.1.3.
 - 5.3. Level three:
 - 5.3.1. The transfer capability methodology does not contain the item listed in 605.1.2 **and** does not address two or more of the items listed in 605.1.3; **OR**
 - 5.3.2. The transfer capability methodology does not address three or more of the equipment types listed in 605.1.3.
 - 5.4. Level four: The transfer capability methodology was not made available for inspection by the compliance monitor or the reliability authority or planning authority within 15 business days of receipt of a request.
- 6. Sanctions**
- 6.1. Sanctions for noncompliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference), **but no financial penalties will be enforced.** Noncompliance sanctions shall consist of letters, issued in accordance with the matrix.

606 Establish and Communicate Transfer Capabilities

1. Requirement

- 1.1. The reliability authority and planning authority shall establish and provide transfer capabilities requested by their associated reliability authority, planning authority, transmission operator, transmission provider functions, and NERC and its Regions.

2. Measures

- 2.1. Responsible entities shall develop their transfer capabilities consistent with their ratings methodology, described in 605.1.1.
- 2.2. Responsible entities shall supply transfer capability values as requested to NERC and its Regions, reliability authorities, transmission service providers, planning authorities and transmission operators on a schedule established by the reliability authority, planning authority, transmission service provider, transmission operator, NERC and its Regions.

3. Regional Differences

None.

4. Compliance Monitoring Process

- 4.1. At least once every three years, the compliance monitor will verify by information submittal, either on or off site, which randomly selected transfer capabilities are developed consistent with the transfer capability methodology.
- 4.2. Annually the compliance monitor will request verification from the entities performing the reliability authority, planning authority, or transmission operator function that each is being provided transfer capabilities in accordance with their respective schedules.
- 4.3. Upon complaint from the reliability authority, planning authority, or transmission operator, the compliance monitor will assess the responsible entity's performance under this requirement by information submittal, either on or off site.
- 4.4. The performance-reset period shall be one calendar year. Responsible entities found noncompliant shall keep data until the deficiencies resulting in noncompliance are resolved. The compliance monitor shall keep audit records for three years.

5. Levels of Noncompliance

- 5.1. Level one: (Not specified)
- 5.2. Level two: All requested transfer capability limits were not provided upon request to NERC, its Regions, the reliability authority, transmission service provider, planning authority, and transmission operators within their reliability area for the time horizon for which they are responsible in accordance with their respective schedules.
- 5.3. Level three: Transfer capabilities provided are not developed consistent with ratings methodology.
- 5.4. Level four: No requested transfer capabilities ratings were provided to NERC, its Regions, the reliability authority, transmission service provider, planning authority and transmission operators within their reliability area for the time horizon for which they are responsible in accordance with their respective schedules.

6. Sanctions

- 6.1. Sanctions for noncompliance shall be applied consistent with the NERC compliance and enforcement matrix (attached to the end of this standard for reference). In cases where financial penalties are assigned for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the per MW sanctions.

Sanctions Table

The matrix of compliance sanctions that follows was developed by the NERC Compliance Subcommittee as part of the NERC Compliance Enforcement Program and was approved by the NERC Board of Trustees.

Levels of noncompliance are tied to this matrix. The matrix is divided into four levels of increasing noncompliance vertically and the number of violations in a defined period at a given level horizontally.

Note that there are three sanctions that can be used: a letter, a fixed fine, and a \$/MW fine.

Letter

This sanction is used to notify company executives, regional officers, and regulators that an entity is non-compliant. The distribution of the letter varies depending on the severity of the noncompliance. The intent of a letter sanction is to bring noncompliance to the attention of those who can influence the actions of an organization so as to become compliant.

- Letter (A) — Letter to the entity’s vice president level or equivalent informing the entity of noncompliance, with copies to the data reporting contact, and the entity’s highest ranking Regional Council representative.
- Letter (B) — Letter to the entity’s chief executive officer or equivalent, with copies to the data reporting contact, the entity’s highest ranking Regional Council representative, and the vice president over the area in which noncompliance occurred.
- Letter (C) — Letter to the entity’s chief executive officer and chairman of the board, with copies to the NERC president, regulatory authorities having jurisdiction over the noncompliant entity (if requested by such regulatory authorities), the data reporting contact, the entity’s highest ranking Regional Council representative, and the vice president over the area in which noncompliance occurred.

Fixed Dollars

This sanction is to be used when a letter sanction is not sufficient and a stronger message is desired. Fixed dollars are typically assigned as a one-time fine that is ideal for measures involving planning-related standards. Many planning actions use forward-looking assumptions. If those assumptions prove wrong in the future, yet they are made in good faith using good practices, entities should not be harshly penalized for the outcome.

Dollar per MW

Dollar/MW sanctions are intended to be used primarily for operationally based standards. The ‘MW’ can be load, generation, or flow on a line. The reasonableness of the sanction must be considered when assessing \$/MW penalties. Assessing large financial penalties is not the goal, but rather achieving compliance.

Occurrence Period Category	Number of Violations in Occurrence Period at a Given Level			
	1 st Period of Violations (Fully Compliant Last Period)	1	2	3
2 nd Consecutive Period of Violations		1	2	3 or more
		\$ Sanction from Table; Letter (C) only if Letter (B) previously sent		
3 rd Consecutive Period of Violations		1	2 or more	
		\$ Sanction from Table; Letter (C) only if Letter (B) previously sent		
4 th or greater Consecutive Period of Violations				1
		\$ Sanction from Table; Letter (C)		

Level of Non-Compliance	Sanctions Associated with Noncompliance			
	Level 1	Letter (A)	Letter (A)	Letter (B) and \$1,000 or \$1 Per MW
Level 2	Letter (A)	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 Per MW	Letter (B) and \$4,000 or \$4 Per MW
Level 3	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 Per MW	Letter (B) and \$4,000 or \$4 Per MW	Letter (B) and \$6,000 or \$6 Per MW
Level 4	Letter (B) and \$2,000 or \$2 Per MW	Letter (B) and \$4,000 or \$4 Per MW	Letter (B) and \$6,000 or \$6 Per MW	Letter (B) and \$10,000 or \$10 Per MW

Interpreting the Tables:

- These tables address penalties for violations of the same measure occurring in consecutive compliance reporting periods.
- If a participant has noncompliant performance in consecutive compliance reporting periods, the sanctions applied are more punitive.