

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

**Bulk Electric System:** A term commonly applied to the portion of an electric utility system that encompasses the electrical generation resources and bulk transmission system.

**Cascading Outages:** The uncontrolled successive loss of system elements triggered by an incident at any location.

**Generator Owner:** The entity that owns the generator.

**Instability:** The inability of the transmission system to maintain a state of equilibrium during normal and abnormal system conditions or disturbances.

**Interconnection Reliability Operating Limit:** A system operating limit which, if exceeded, could lead to instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the bulk transmission system.

**Interconnection Reliability Operating Limit Event:** An instance of exceeding an Interconnection Reliability Operating Limit for any length of time.

**Interconnection Reliability Operating Limit Event Duration:** The length of time an Interconnection Reliability Operating Limit is exceeded. The duration is measured from the point where the limit is first exceeded and ends when the value drops below the limit and remains below the limit for at least 30 seconds.

**Occurrence Period (Performance-reset Period):** The time period in which performance is measured, evaluated, and then reset.

**Operational Planning Analysis:** An analysis of the expected system conditions, given the load forecast(s), and known system constraints, some examples being transmission facility outages, generator outages, and equipment limitations.

**Real-time:** Present time as opposed to future time.

**Real-time Assessment:** An examination of existing and expected system conditions, conducted by collecting and reviewing immediately available data.

**Real-time Data:** Real-time measured values, state estimator values derived from the measured values, or other calculated values derived from the measured values — may include directly monitored data, Inter-utility data exchange (e.g., Interconnection Control Area Communication Protocol or SCADA Data), and manually collected data.

**Real-time Monitoring:** The act of scanning data and drawing conclusions about what the data indicates.

**Reliability Authority Area:** The collection of generation, transmission, and loads within the boundaries of the organization performing the Reliability Authority function. Its boundary coincides with one or more Balancing Authority areas.

**Self-certification:** A process by which an entity does a self-evaluation to determine if it is compliant with the specific requirements for a reliability standard.

**T<sub>v</sub>:** The maximum time that an Interconnection Reliability Operating Limit can be exceeded without compliance sanctions being applied.

**Transmission Operator:** The entity that operates the transmission Facilities and executes switching orders.

**Uncontrolled Separation:** The unplanned break-up of an interconnection, or portion of an interconnection, that is not the result of automatic action by a special protection system or remedial action scheme operating correctly.

**Wide Area Impact:** The impact of an event that, if left untended, could lead to voltage instability, cascading outages or uncontrolled separation that jeopardizes the reliability of an interconnection. The geographic size of the area affected by such an event is always larger than the local area monitored by a single transmission operator and may also be larger than a single Reliability Authority's area.

## 200 — OPERATE WITHIN INTERCONNECTION RELIABILITY OPERATING LIMITS

<b>201</b>	Interconnection Reliability Operating Limit Identification
<b>202</b>	Monitoring
<b>203</b>	Analyses and Assessments
<b>204</b>	Actions
<b>205</b>	Data Specification and Collection
<b>206</b>	Data Provision
<b>207</b>	Action Plan
<b>208</b>	Reliability Authority Directives

1. **Purpose:** To prevent instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the bulk transmission system.
2. **Effective Date:** This standard will become effective on the first day of the month following the month that the NERC Board of Trustees adopts the standard.
3. **Applicability:** These requirements apply 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, this standard applies to the existing entities (such as control areas, transmission owners and operators, and generator owners) that are currently performing the defined functions.

In this standard, the terms *Balancing Authority*, *Generator Operator*, *Generator Owner*, *Interchange Authority*, *Load-serving Entity*, *Reliability Authority*, *Transmission Operator*, and *Transmission Owner* refer to the entities performing these functions as defined in the functional model.

**201 IROL Identification**

**(a) Requirements**

- (1) The Reliability Authority shall identify and document which Facilities (or groups of Facilities) in the Reliability Authority's Reliability Authority Area are subject to Interconnection Reliability Operating Limits.
- (2) The Reliability Authority shall identify each Interconnection Reliability Operating Limit within the Reliability Authority's Reliability Authority Area.
  - (i) The Reliability Authority shall identify a  $T_v$  for each Interconnection Reliability Operating Limit.

**(b) Measures**

- (1) The Reliability Authority shall have a list of Facilities (or groups of Facilities) in the Reliability Authority's Reliability Authority Area that are subject to Interconnection Reliability Operating Limits.
  - (i) The Reliability Authority shall have evidence it reviews and updates the list of Facilities to reflect changes in system topology.
- (2) The Reliability Authority shall have a list of Interconnection Reliability Operating Limits for the Reliability Authority's Reliability Authority Area.
  - (i) The Reliability Authority shall have a  $T_v$  for each Interconnection Reliability Operating Limit.
- (3) The Reliability Authority shall have evidence that it updates the list of Interconnection Reliability Operating Limit values to reflect current system conditions.

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period shall be 12 months from the last violation. The Reliability Authority shall keep data on facilities and limits for three calendar years. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The Reliability Authority shall have the following available upon the request of its Compliance Monitor:
  - (i) List of Facilities (or groups of Facilities) in the Reliability Authority's Reliability Authority Area that are subject to Interconnection Reliability Operating Limits.

- (ii) List of Interconnection Reliability Operating Limits for the Reliability Authority's Reliability Authority Area.
- (iii) Evidence that the list of Facilities subject to Interconnection Reliability Operating Limits and the list of Interconnection Reliability Operating Limits were updated.

**(e) Levels of Noncompliance**

- (1) Level one: Not applicable
- (2) Level two: Not applicable
- (3) Level three: Either the list of Interconnection Reliability Operating Limits or the list of Facilities subject to Interconnection Reliability Operating Limits was not updated.
- (4) Level four: No list of Interconnection Reliability Operating Limits or no list of Facilities subject to Interconnection Reliability Operating Limits exists for the Reliability Authority's Reliability Authority Area.

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where financial sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

**202 Monitoring**

**(a) Requirements**

- (1) The Reliability Authority shall perform Real-time Monitoring of system operating parameters to determine if the Reliability Authority Area is operating within its Interconnection Reliability Operating Limits.

**(b) Measures**

- (1) The Reliability Authority shall have Interconnection Reliability Operating Limits available for its operations personnel's Real-time use.
- (2) The Reliability Authority shall have Real-time Data available in a form that system operators can compare to the Interconnection Reliability Operating Limits.
- (3) The Reliability Authority shall monitor system operating parameters and compare these against its Interconnection Reliability Operating Limits.

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period shall be 12 months from the last violation. The Reliability Authority shall keep data on limits for three calendar years. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The Reliability Authority shall demonstrate the following upon the request of the Compliance Monitor:
  - (i) System operators actively monitoring and comparing Real-time system operating parameters associated with Interconnection Reliability Operating Limits.

**(e) Levels of Noncompliance**

- (1) Level one: Not applicable
- (2) Level two: Not applicable
- (3) Level three: Not applicable
- (4) Level four: A level four noncompliance occurs if any of the following conditions are present:
  - (i) Interconnection Reliability Operating Limits not available to operations personnel for Real-time use; or
  - (ii) Real-time Data not available in a form that can be compared to the Interconnection Reliability Operating Limits; or

- (iii) System operating parameters not monitored and compared against Interconnection Reliability Operating Limits.

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where financial sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

**203 Analyses and Assessments**

**(a) Requirements**

- (1) The Reliability Authority shall perform Operational Planning Analyses to assess whether the planned Bulk Electric System operations within the Reliability Authority's Reliability Authority Area will exceed any of its Interconnection Reliability Operating Limits.
- (2) The Reliability Authority shall perform Real-time Assessments to determine if its Reliability Authority Area is exceeding any Interconnection Reliability Operating Limits or is expected to exceed any Interconnection Reliability Operating Limits.

**(b) Measures**

- (1) The Reliability Authority shall identify operating situations or events that impact its Reliability Authority Area's ability to operate without exceeding any identified Interconnection Reliability Operating Limits.
  - (i) The Reliability Authority shall conduct an Operational Planning Analysis at least once each day, evaluating the next day's projected system operating conditions.
  - (ii) The Reliability Authority shall conduct a Real-time Assessment periodically, but at least once every 30 minutes.

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews once every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period shall be 12 months from the last violation. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The Reliability Authority shall identify the following upon the request of the Compliance Monitor:
  - (i) The time the most recent Operational Planning Analysis was conducted.
  - (ii) Whether the planned Bulk Electric System operations within the Reliability Authority's Reliability Authority Area will exceed any of its Interconnection Reliability Operating Limits.
  - (iii) The time the most recent Real-time Assessment was conducted.
  - (iv) Whether the Real-time Assessment identified if its Reliability Authority Area is exceeding any Interconnection Reliability Operating Limits or is expected to exceed any Interconnection Reliability Operating Limits.



**(e) Levels of Noncompliance**

- (1) Level one: Not applicable
- (2) Level two: Not applicable
- (3) Level three: A level three noncompliance exists if any of the following conditions are present:
  - (i) No indication that an Operational Planning Analysis was conducted at least once each day.
  - (ii) No indication that a Real-time Assessment was conducted at least once each 30 minutes.
- (4) Level four: A level four noncompliance exists if either of the following conditions are present:
  - (i) The Reliability Authority could not identify whether the planned Bulk Electric System operations within the Reliability Authority's Reliability Authority Area will exceed any of its Interconnection Reliability Operating Limits, based on the results of the most recent Operational Planning Analysis.
  - (ii) The Reliability Authority could not identify whether the most recent Real-time Assessment identified if its Reliability Authority Area is exceeding any Interconnection Reliability Operating Limits or is expected to exceed any Interconnection Reliability Operating Limits.

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where financial sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

**204 Actions**

**(a) Requirements**

- (1) The Reliability Authority shall act<sup>1</sup> or direct others to act to:
  - (i) Prevent instances where Interconnection Reliability Operating Limits may be exceeded.
  - (ii) Mitigate the magnitude and duration of instances where Interconnection Reliability Operating Limits have been exceeded.
- (2) The Reliability Authority shall document instances of exceeding Interconnection Reliability Operating Limits and shall document and complete an Interconnection Reliability Operating Limit Violation Report for instances of exceeding Interconnection Reliability Operating Limits for time greater than  $T_v$ .
  - (i) The RA shall measure the duration of the event from the point when the limit is exceeded to the point when the system has returned to a state that is within the Interconnection Reliability Operating Limit for a minimum of 30 seconds.

**(b) Measures**

- (1) The Reliability Authority shall document each instance where actions are taken or directives are issued to mitigate the magnitude and duration of exceeding an Interconnection Reliability Operating Limit.
  - (i) The Reliability Authority shall document, via an operations log or other data source, the actions taken or directives issued, the magnitude of the event, and the duration of the event. (This data may be from an operating log, may be from the entity's energy management system, or may be from some other source.)
- (2) The Reliability Authority shall report each instance of exceeding an Interconnection Reliability Operating Limit for time greater than  $T_v$ .
  - (i) The Reliability Authority shall complete an Interconnection Reliability Operating Limit Violation Report and shall file the report with its Compliance Monitor within five business days of the initiation of the event. (The report shall include the date and time of the event, identification of which Interconnection Reliability Operating Limit was violated and the  $T_v$  for that limit, magnitude and duration of exceeding the Interconnection Reliability Operating Limit, actions taken or directives issued and the time these were initiated or issued, and explanation of results of actions or directives.)

**(c) Regional Differences**

None identified.

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<sup>1</sup> Note that the Reliability Authority may choose to take 'no overt action' and this may be an acceptable action as long as it is documented. Taking 'no overt action' is not the same as ignoring the problem.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period shall be 12 months from the last violation. The Reliability Authority shall keep Interconnection Reliability Operating Limit Violation Reports, operations logs, or other documentation for three calendar years. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The Reliability Authority shall have the following available upon the request of its Compliance Monitor:
  - (i) Operations logs or other documentation indicating the magnitude and duration of each instance of exceeding an Interconnection Reliability Operating Limit and the actions or directives issued for each of these instances.
  - (ii) Interconnection Reliability Operating Limit Violation Reports.

**(e) Levels of Noncompliance <sup>2</sup>**

- (1) Level one: Interconnection Reliability Operating Limit exceeded for a time less than or equal to  $T_v$  and no documentation to indicate actions taken or directives issued to mitigate the instance.
- (2) Level two: Not applicable
- (3) Level three: Not applicable
- (4) Level four: Interconnection Reliability Operating Limit exceeded for time greater than  $T_v$ .

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. Level one noncompliance sanctions shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions. Level four noncompliance sanctions shall be the greater of the fixed dollar sanctions listed in the matrix, or the number of megawatts above the Interconnection Reliability Operating Limit multiplied by the dollar value for the number of times of noncompliance.

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<sup>2</sup> Note that the Reliability Authority may choose to take 'no overt action' and this may be an acceptable action as long as it is documented. Taking 'no overt action' is not the same as ignoring the problem.

**205 Data Specification and Collection**

**(a) Requirements**

- (1) The Reliability Authority shall specify and collect the data it needs to support Real-time Monitoring, Operational Planning Analyses, and Real-time Assessments conducted relative to operating within its Reliability Authority Area's Interconnection Reliability Operating Limits. The Reliability Authority shall collect this data from the entities performing functions that have Facilities monitored by the Reliability Authority, and from entities that provide Facility status to the Reliability Authority. This includes specifying and collecting data from the following:
  - (i) Balancing Authorities
  - (ii) Generator Owners
  - (iii) Generator Operators
  - (iv) Load-serving Entities
  - (v) Reliability Authorities
  - (vi) Transmission Operators
  - (vii) Transmission Owners
- (2) The Reliability Authority shall specify when to supply data (based on its hardware and software requirements, and the time needed to do its Operational Planning Analyses).
- (3) The Reliability Authority shall notify its Compliance Monitor when both of the following conditions are present:
  - (i) An entity that has data needed to support Real-time Monitoring, Operational Planning, or Real-time Assessments relative to operating within the Reliability Authority's Reliability Authority Area has not provided data as specified, and
  - (ii) The Reliability Authority was unable to resolve the issue with the entity responsible for providing the data.

**(b) Measures**

- (1) The Reliability Authority shall have a documented specification for data needed to build and maintain models needed to support Real-time Monitoring, Operational Planning Analyses, and Real-time Assessments relative to Interconnection Reliability Operating Limits.
  - (i) Specification shall include a list of required data, a mutually agreeable format, and timeframe and periodicity for providing data.
  - (ii) Specification shall address the data provision process to use when automated Real-time system operating data is unavailable.

- (2) The Reliability Authority shall have evidence that it has distributed its data specification to entities that have Facilities monitored by the Reliability Authority and to entities that provide Facility status to the Reliability Authority.
- (3) The Reliability Authority shall notify its Compliance Monitor when an entity that has Facilities monitored by the Reliability Authority, or an entity that provides Facility status to the Reliability Authority, does not provide data as specified and the Reliability Authority was unable to resolve the issue with the entity responsible for providing the data.
  - (i) If the Reliability Authority does not receive data as specified, and is unable to resolve the situation, then the Reliability Authority shall notify its Compliance Monitor within five business days of discovering that the data is missing.

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period shall be 12 months from the last violation. The Reliability Authority shall keep its data specification(s) for three calendar years. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The Reliability Authority shall have the following available upon the request of the Compliance Monitor:
  - (i) Data specification(s)
  - (ii) Proof of distribution of the data specification(s)

**(e) Levels of Noncompliance**

- (1) Level one: Data specification incomplete (missing either the list of required data, a mutually agreeable format, a timeframe for providing data, or a data provision process to use when automated real-time system operating data is unavailable).
- (2) Level two: No data specification or the specification not distributed to the entities that have Facilities monitored by the Reliability Authority and the entities that provide the Reliability Authority with Facility status.
- (3) Level three: Not applicable
- (4) Level four: Not applicable

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

**206 Data Provision**

**(a) Requirements**

- (1) Each entity performing one of the following functions shall provide data, as specified, to the Reliability Authority(ies) with which it has a reliability relationship. The data is limited to data needed by the Reliability Authority to support Real-time Monitoring, Operational Planning Analyses, and Real-time Assessments conducted relative to operating within its Reliability Authority Area's Interconnection Reliability Operating Limits.
  - (i) Balancing Authorities
  - (ii) Generator Owners
  - (iii) Generator Operators
  - (iv) Load-serving Entities
  - (v) Reliability Authorities
  - (vi) Transmission Operators
  - (vii) Transmission Owners

**(b) Measures**

- (1) The responsible entity shall have evidence that it has provided data, as specified, to the requesting Reliability Authority, within the timeframe specified, in the mutually agreed upon format.

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The responsible entity shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period is 12 months from the last violation. The responsible entity shall keep data transmittal documentation for three calendar years. The Compliance Monitor shall keep audited data for three calendar years.
- (3) The responsible entity shall have the following available upon the request of the Compliance Monitor:
  - (i) Evidence indicating data was sent to the Reliability Authority or evidence that the entity responsible committed to providing the data identified in the specification.

**(e) Levels of Noncompliance**

- (1) Level one: Not applicable
- (2) Level two: Not applicable
- (3) Level three: Not applicable
- (4) Level four: Data was not provided to the Reliability Authority as specified and the situation was not resolved with the Reliability Authority.

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.



**207 Action Plan**

**(a) Requirements**

- (1) The Reliability Authority shall have an action plan that identifies actions it shall take or actions it shall direct others to take, to prevent or mitigate instances of exceeding its Interconnection Reliability Operating Limits.

**(b) Measures**

- (1) The Reliability Authority shall have a documented action plan that addresses preventing and mitigating instances of exceeding Interconnection Reliability Operating Limits. The plan shall identify and be coordinated with those entities responsible for acting and with those entities impacted by such actions.
  - (i) The action plan may be a process or procedure for preventing or mitigating instances of exceeding Interconnected Reliability Operating Limits. (Note: an emergency operations plan satisfies this requirement if the emergency operations plan addresses actions to prevent and mitigate instances of exceeding Interconnected Operating Reliability Limits.)

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The Reliability Authority shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint, to assess performance.
- (2) The Performance-reset Period is 12 months from the last violation. The Reliability Authority shall keep its action plan for three calendar years. The Compliance Monitor shall keep audit records for three calendar years.
- (3) The Reliability Authority shall make the following available for inspection by the Compliance Monitor upon request:
  - (i) Action plan

**(e) Levels of Noncompliance**

- (1) Level one: Action plan exists but wasn't coordinated with all involved and impacted entities.
- (2) Level two: Action plan exists but wasn't coordinated with any involved or any impacted entities.
- (3) Level three: Not applicable
- (4) Level four: No action plan

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where sanctions are applied

for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

**208 Reliability Authority Directives**

**(a) Requirements**

- (1) The Transmission Operator, Balancing Authority, and Interchange Authority shall follow the Reliability Authority's directives to:
  - (i) Prevent instances where Interconnection Reliability Operating Limits may be exceeded.
  - (ii) Mitigate the magnitude and duration of instances where Interconnection Reliability Operating Limits have been exceeded.
- (2) The responsible entity shall document the Reliability Authority's directives and the actions taken.

**(b) Measures**

- (1) The responsible entity shall follow the Reliability Authority's directives and shall document the directives and actions taken to meet the directives.
- (2) The responsible entity shall document via an operations log or other data source, the following for each directive it receives relative to an Interconnection Reliability Operating Limit:
  - (i) Date and time of directive received
  - (ii) Directive issued
  - (iii) Actions taken in response to directive

**(c) Regional Differences**

None identified.

**(d) Compliance Monitoring Process**

- (1) The responsible entity shall demonstrate compliance through self-certification submitted to its Compliance Monitor annually. The Compliance Monitor may also use scheduled on-site reviews every three years, and investigations upon complaint to assess performance.
- (2) The Performance-reset Period is 12 months from the last violation. The responsible entity shall keep its documentation for three calendar years. The Compliance Monitor shall keep audit records for three calendar years.
- (3) The responsible entity shall make the following available for inspection by the Compliance Monitor upon request:
  - (i) Operations log or other data source(s) to show the following for each instance of being issued a Reliability Authority directive relative to an Interconnection Reliability Operating Limit:
    - 1) Date and time of each directive received
    - 2) Directive issued
    - 3) Actions taken in response to directive

**(e) Levels of Noncompliance**

- (1) Level one: The responsible entity followed Reliability Authority's directives relative to preventing or mitigating instances of exceeding Interconnection Reliability Operating Limits but did not document the date and time of each directive received, the directive received, and the actions taken in response to the directive.
- (2) Level two: Not applicable
- (3) Level three: Not applicable
- (4) Level four: The responsible entity did not follow the Reliability Authority's directives.

**(f) Sanctions**

- (1) Sanctions for noncompliance shall be applied consistent with the NERC Compliance and Enforcement Matrix. In places where sanctions are applied for noncompliance, these penalties shall be the fixed dollar sanctions listed in the matrix, not the dollars per megawatt sanctions.

### **Sanctions Table**

The following table is an approved table of Compliance Sanctions. This table of sanctions was developed by the Compliance Subcommittee as part of the NERC Compliance Enforcement Program and was approved by the NERC Board of Trustees. The enforcement matrix is divided into four levels of increasing noncompliance vertically and the number of violations in a defined period at a given level horizontally. In the enforcement matrix, note that there are three sanctions that can be used: a letter, a fixed fine, and a \$\$ per MW fine.

#### **Letter**

The letter is a sanction used to notify company executives, Regional officers, and regulators when an entity is noncompliant. The distribution of the letter varies depending on the severity of the noncompliance. It is used first to bring noncompliance the attention of those who can take action to bring the entity into compliance.

- 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 used when a letter is not enough 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.

#### **Dollars per MW**

Dollars per MW sanctions are oriented toward operationally based standards. The MW can be load, generation, or flow on a line. Reasonableness of a sanction needs to be figured into assessing \$/MW penalties. Assessing large financial penalties is not the goal, but sending a message with proper emphasis on \$\$\$ can be controlled with the multiplier.

**Operate Within Interconnection Reliability Operating Limits Standard**

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

<b>Level of Noncompliance</b>	<b>Sanctions Associated With Noncompliance</b>			
Level 1	Letter (A)	Letter (A)	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 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.