

**Analysis of Violation Risk Factors and Violation Severity Levels
 PRC-023-2 — Transmission Relay Loadability**

This document provides the justification for assignment of Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs), identifying how each proposed VRF and VSL meets NERC’s criteria and FERC’s Guidelines. NERC’s criteria for setting VRFs and VSLs; FERC’s five guidelines (G1 – G5) for approving VRFs; and FERC’s four guidelines (G1-G4) for setting VSLs are provided at the end of this document.

VRF and VSL Justifications for R1		
	Proposed VRF	High
R1	NERC VRF Discussion	<i>The proposed requirement, R1, states that each Transmission Owner, Generator Owner, and Distribution Provider shall apply one of several criteria to ensure that its load-responsive relaying does not trip due to load responsive conditions. The VRF for Requirement R1 is a “High” because, should the load-responsive relaying trip improperly due to load conditions, it could directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures</i>
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>This requirement is directly related to NERC Recommendation 8a and US Canada Power System Outage Task Force Recommendation 21a, and is developed explicitly to address those recommendations. A High VRF is consistent with the role that relay loadability played in contributing to the August 14, 2003 Northeast Blackout.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Requirement R2 has a similar reliability objective and is assigned a High VRF</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Not applicable. There are no other NERC Reliability Standards that address similar reliability goals.</i>
	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>The proposed VRF is consistent with the NERC definitions of VRFs because as described above the requirement ensures that load-responsive protective relays will not improperly operate during the loading conditions described within the R1 criteria. This requirement if violated, could directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The proposed requirement does not co-mingle more than one obligation and therefore this guideline does not apply.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	N/A
	Proposed High VSL	N/A

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VRF and VSL Justifications for R1	
Proposed Severe VSL	<p><i>The responsible entity did not use any one of the following criteria (Requirement R1 criterion 1 through 13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the Bulk Electric System for all fault conditions.</i></p> <p style="text-align: center;"><i>OR</i></p> <p><i>The responsible entity did not evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees.</i></p>
<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p><i>The proposed VSL for Requirement is consistent with the approved VSL for the similar Requirement R1 within PRC-023-1.</i></p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>Guideline 2a: <i>The proposed VSL is binary and assigns a "Severe" category for the violation of the requirement.</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R2 does not contain ambiguous language.</i></p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement, R1.</i></p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

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VRF and VSL Justifications for R2		
	Proposed VRF	High
	NERC VRF Discussion	<i>The proposed requirement, R2, states that each Transmission Owner, Generator Owner, and Distribution Provider shall ensure that its out-of-step blocking elements allow tripping of phase protective relays for faults that occur during the loading conditions used to verify transmission line relay loadability per Requirement R1. The VRF for Requirement R2 is a “High” because a protection system if inhibited from operating by the out of step blocking could prevent it from operating for fault conditions. In a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</i>
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>Not applicable. Out-of-step blocking elements did not prevent tripping of phase protective relays during the August 14, 2003 Northeast Blackout.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Requirement R2 references Requirement R1 and both requirements are assigned a “High” VRF.</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Not applicable. There are no other NERC Reliability Standards that address similar reliability goals.</i>
R2	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>The proposed VRF is consistent with the NERC definitions of VRFs because as described above the requirement ensures that out-of-step blocking elements allow tripping of phase protective relays for faults that occur during the loading conditions used to verify transmission line relay loadability per Requirement R1. This requirement is in the planning time frame and if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The proposed requirement does not co-mingle more than one obligation and therefore this guideline does not apply.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	N/A
	Proposed High VSL	N/A
	Proposed Severe VSL	<i>The responsible entity failed to ensure that its out-of-step blocking elements allowed tripping of phase protective relays for faults that occur during the loading conditions used to verify transmission line relay loadability per Requirement R1.</i>
	FERC VSL G1 Violation Severity Level	<i>The proposed VSL for Requirement R2 does not lower the current level of compliance regarding out of step blocking elements. Out-of-step blocking</i>

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VRF and VSL Justifications for R2	
<p>Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p><i>elements are addressed in Requirement R1 in PRC-023-1. Out-of-step blocking has been included in a separate requirement in PRC-023-2 per Order 733 and the VSLs for Requirements R1 and R2 are consistent.</i></p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>Guideline 2a: <i>The proposed VSL is binary and assigns a "Severe" category for the violation of the requirement.</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R2 does not contain ambiguous language.</i></p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement, R2.</i></p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

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VRF and VSL Justifications for R3		
R3	Proposed VRF	Medium
	NERC VRF Discussion	<i>The proposed VRF is consistent with the NERC definition for lower VRF because the proposed requirement requires that each Transmission Owner, Generator Owner, and Distribution Provider that uses a circuit capability with the practical limitations described in Requirement R1, criterion 6, 7, 8, 9, 12, or 13 shall use the calculated circuit capability as the Facility Rating of the circuit and shall obtain the agreement of the Planning Coordinator, Transmission Operator, and Reliability Coordinator with the calculated circuit capability.. Because the purpose of the requirement is to assure that the recipient entities are aware of, and have agreed with, modified Facility Ratings, this requirement, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.</i>
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>Not applicable. This criteria to which this requirement is related did not exist at the time of the August 14, 2003 Northeast Blackout.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Not applicable. There are no other requirements in this standard that address similar reliability goals.</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Requirement R2 of FAC-009-1 states that the Transmission Owner and Generator Owner shall each provide Facility Ratings for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by such requesting entities. This data exchange requirement is assigned a Medium VRF.</i>
	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>Because the purpose of the requirement is to ensure that entities have consistent Facility Ratings in order to operate the BES effectively, this VRF is consistent with the NERC Definition of a Medium VRF.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The proposed requirement does not co-mingle more than one obligation and therefore this guideline does not apply.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	N/A
	Proposed High VSL	N/A
Proposed Severe VSL	<i>The responsible entity that uses a circuit capability with the practical limitations described in Requirement R1 criterion 6, 7, 8, 9, 12, or 13 did not use the calculated circuit capability as the Facility Rating of the circuit.</i>	

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VRF and VSL Justifications for R3	
	<p><i>OR</i></p> <p><i>The responsible entity did not obtain the agreement of the Planning Coordinator, Transmission Operator, and Reliability Coordinator with the calculated circuit capability.</i></p>
<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p><i>This VSL is consistent with the VSL assigned to Requirement R2 of approved PRC-023-1, which is essentially identical and is replaced by this requirement.</i></p>
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>Guideline 2a: <i>The VSL is binary and establishes a severe level.</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R3 does not contain ambiguous language.</i></p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement R3.</i></p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

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VRF and VSL Justifications for R4		
R4	Proposed VRF	Lower
	NERC VRF Discussion	<i>The proposed VRF is consistent with the NERC definition for lower VRF because the proposed requirement requires that each Transmission Owner, Generator Owner, and Distribution Provider that chooses to utilize Requirement R1 criterion 2 as the basis for verifying transmission line relay loadability must provide its Planning Coordinator, Transmission Operator, and Reliability Coordinator with a list of circuits associated with those transmission line relays at least once each calendar year, with no more than 15 months between reports. Because the purpose of the requirement is to share information with other entities through the exchange of a report the requirement is considered administrative in nature and consistent with the definition of a lower VRF.</i>
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>Not applicable. This criterion to which this requirement is related did not exist at the time of the August 14, 2003 Northeast Blackout.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Requirement R5 has a similar reliability objective and is assigned a lower VRF.</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Requirement R3 of PRC-015-0 states that the Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of SPS data and the results of studies that show compliance of new or functionally modified SPSs with NERC Reliability Standards and Regional Reliability Organization criteria to affected Regional Reliability Organizations and NERC on request (within 30 calendar days). This data exchange requirement is assigned a Lower VRF.</i>
	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>Because the purpose of the requirement is to share information with other entities through the exchange of a report the requirement is considered administrative in nature and consistent with the definition of a lower VRF.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The proposed requirement does not co-mingle more than one obligation and therefore this guideline does not apply.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	N/A
	Proposed High VSL	N/A
	Proposed Severe VSL	<i>The responsible entity did not provide its Planning Coordinator, Transmission Operator, and Reliability Coordinator with an updated list of circuits that have transmission line relays set according to the criteria established in Requirement R1 criterion 2 at least once each calendar year, with no more than 15 months between reports.</i>
	FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current	<i>This VLS does not lower the current level of compliance because this is a new Requirement that did not exist in PRC-023-1.</i>

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VRF and VSL Justifications for R4	
Level of Compliance	
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>Guideline 2a: <i>The VSL is binary and establishes a severe level.</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R4 does not contain ambiguous language.</i></p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement R4.</i></p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

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VRF and VSL Justifications for R5		
R5	Proposed VRF	Lower
	NERC VRF Discussion	<i>The proposed VRF is consistent with the NERC definition for lower VRF because the proposed requirement requires that each Transmission Owner, Generator Owner, and Distribution Provider that sets transmission line relays according to Requirement R1 criterion 12 shall provide a list of the circuits associated with those relays to its Regional Entity at least once each calendar year, with no more than 15 months between reports. Because the purpose of the requirement is to share information with other entities through the exchange of a report the requirement is considered administrative in nature and consistent with the definition of a lower VRF.</i>
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>Not applicable. This criterion to which this requirement is related did not exist at the time of the August 14, 2003 Northeast Blackout.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Requirement R4 has a similar reliability objective and is also assigned a lower VSL.</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Requirement R3 of PRC-015-0 states that the Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of SPS data and the results of studies that show compliance of new or functionally modified SPSs with NERC Reliability Standards and Regional Reliability Organization criteria to affected Regional Reliability Organizations and NERC on request (within 30 calendar days). This data exchange requirement is assigned a Lower VRF.</i>
	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>Because the purpose of the requirement is to share information with other entities through the exchange of a report the requirement is considered administrative in nature and consistent with the definition of a lower VRF.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The proposed requirement does not co-mingle more than one obligation and therefore this guideline does not apply.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	N/A
	Proposed High VSL	N/A
	Proposed Severe VSL	<i>The responsible entity did not provide its Regional Entity, with an updated list of circuits that have transmission line relays set according to the criteria established in Requirement R1 criterion 12 at least once each calendar year, with no more than 15 months between reports.</i>
	FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance	<i>The proposed VSL for Requirement R5 does not have the unintended consequence of lowering the current level of compliance because PRC-023-1 does not have this requirement as it was added to PRC-023-2.</i>
	FERC VSL G2	Guideline 2a:

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	<p>Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p><i>The proposed VSL is binary and was assigned a severe VSL.</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R5 does not contain ambiguous language.</i></p>
	<p>FERC VSL G3</p> <p>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement, R5.</i></p>
	<p>FERC VSL G4</p> <p>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

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VRF and VSL Justifications for R6		
R6	Proposed VRF	High
	NERC VRF Discussion	
	FERC VRF G1 Discussion	Guideline 1- Consistency w/ Blackout Report <i>A High VRF is consistent with the role that relay loadability played in contributing to the August 14, 2003 Northeast Blackout. The Blackout Report identifies examples of sub-200 kV transmission lines tripping due to relay loadability issues, which resulted in cascading outages of higher voltage transmission lines.</i>
	FERC VRF G2 Discussion	Guideline 2- Consistency within a Reliability Standard <i>Not applicable. There are no other requirements in this standard that address similar reliability goals.</i>
	FERC VRF G3 Discussion	Guideline 3- Consistency among Reliability Standards <i>Not applicable. There are no other standards that address similar reliability goals.</i>
	FERC VRF G4 Discussion	Guideline 4- Consistency with NERC Definitions of VRFs <i>The proposed VRF is consistent with the NERC definitions of VRFs because as described above the requirement ensures that the Planning Coordinator will evaluate sub-200 kV circuits to determine which such circuits could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition. Circuits thus identified will be subject to the other requirements of PRC-023-2.</i>
	FERC VRF G5 Discussion	Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation <i>The VRF is consistent with the highest risk reliability objective contained in this requirement.</i>
	Proposed Lower VSL	N/A
	Proposed Moderate VSL	<i>The Planning Coordinator used the criteria established within Attachment B to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met parts 6.1 and 6.2, but more than 15 months and less than 24 months lapsed between assessments.</i> <i>OR</i> <i>The Planning Coordinator used the criteria established within Attachment B at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met 6.1 and 6.2 but failed to include the calendar year in which any criterion in Attachment B first applies.</i> <i>OR</i> <i>The Planning Coordinator used the criteria established within Attachment B at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met 6.1 and 6.2</i>

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VRF and VSL Justifications for R6		
		<i>but provided the list of circuits to the Reliability Coordinators, Transmission Owners, Generator Owners, and Distribution Providers within its Planning Coordinator area between 31 days and 45 days after the list was established or updated. (part 6.2)</i>
	Proposed High VSL	<p><i>The Planning Coordinator used the criteria established within Attachment B to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met parts 6.1 and 6.2, but 24 months or more lapsed between assessments.</i></p> <p><i>OR</i></p> <p><i>The Planning Coordinator used the criteria established within Attachment B at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met 6.1 and 6.2 but provided the list of circuits to the Reliability Coordinators, Transmission Owners, Generator Owners, and Distribution Providers within its Planning Coordinator area between 46 days and 60 days after list was established or updated. (part 6.2)</i></p>
	Proposed Severe VSL	<p><i>The Planning Coordinator failed to use the criteria established within Attachment B to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard.</i></p> <p><i>OR</i></p> <p><i>The Planning Coordinator used the criteria established within Attachment B, at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard but failed to meet parts 6.1 and 6.2.</i></p> <p><i>OR</i></p> <p><i>The Planning Coordinator used the criteria established within Attachment B at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard but failed to maintain the list of circuits determined according to the process described in Requirement R6. (part 6.1)</i></p> <p><i>OR</i></p> <p><i>The Planning Coordinator used the criteria established within Attachment B at least once each calendar year, with no more than 15 months between assessments to determine the circuits in its Planning Coordinator area for which applicable entities must comply with the standard and met 6.1 but failed to provide the list of circuits to the Reliability Coordinators, Transmission Owners, Generator Owners, and Distribution Providers within its Planning Coordinator area or provided the list more than 60 days after the list was established or updated. (part 6.2)</i></p>
	<p>FERC VSL G1 Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current</p>	<p><i>The proposed VSL for Requirement R6 does not have the unintended consequence of lowering the current level of compliance.</i></p> <p><i>The currently approved VSL for Requirement R3 of PRC-023-1 gradates the violation of part 3.3 which is now Requirement R6 part 6.2. The proposed VSL gradates this part just as PRC-023-1 does.</i></p>

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VRF and VSL Justifications for R6	
<p>Level of Compliance</p>	
<p>FERC VSL G2 Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>Guideline 2a: <i>N/A</i></p> <p>Guideline 2b: <i>The proposed VSL for Requirement R6 does not contain ambiguous language.</i></p>
<p>FERC VSL G3 Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p><i>The proposed VSL is consistent with the corresponding Requirement, R6.</i></p>
<p>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p><i>The proposed VSL is based on a single violation and not a cumulative number of violations.</i></p>

NERC's VRF Criteria:

High Risk Requirement

A requirement that, if violated, could directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk electric system instability, separation, or a cascading sequence of failures, or could place the bulk electric system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.

Medium Risk Requirement

A requirement that, if violated, could directly affect the electrical state or the capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system. However, violation of a medium risk requirement is unlikely to lead to bulk electric system instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk electric system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

Lower Risk Requirement

A requirement that is administrative in nature and a requirement that, if violated, would not be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor and control the bulk electric system; or, a requirement that is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the bulk electric system, or the ability to effectively monitor, control, or restore the bulk electric system. A planning requirement that is administrative in nature.

FERC's VRF Guidelines:

VRF G1 – Consistency with the Conclusions of the Final Blackout Report

The Commission seeks to ensure that Violation Risk Factors assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System. From footnote 15 of the May 18, 2007 Order, FERC's list of critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System includes:

- Emergency operations
- Vegetation management
- Operator personnel training
- Protection systems and their coordination
- Operating tools and backup facilities
- Reactive power and voltage control
- System modeling and data exchange
- Communication protocol and facilities
- Requirements to determine equipment ratings
- Synchronized data recorders
- Clearer criteria for operationally critical facilities

- Appropriate use of transmission loading relief.

VRF G2 – Consistency within a Reliability Standard

The Commission expects a rational connection between the sub-Requirement Violation Risk Factor assignments and the main Requirement Violation Risk Factor assignment.

VRF G3 – Consistency among Reliability Standards

The Commission expects the assignment of Violation Risk Factors corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.

VRF G4 – Consistency with NERC’s Definition of the Violation Risk Factor Level

Guideline (4) was developed to evaluate whether the assignment of a particular Violation Risk Factor level conforms to NERC’s definition of that risk level.

VRF G5 –Treatment of Requirements that Co-mingle More Than One Obligation

Where a single Requirement co-mingles a higher risk reliability objective and a lesser risk reliability objective, the VRF assignment for such Requirements must not be watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.

NERC’s Criteria for VSLs:

Lower VSL	Moderate VSL	High VSL	Severe VSL
The performance or product measured almost meets the full intent of the requirement.	The performance or product measured meets the majority of the intent of the requirement.	The performance or product measured does not meet the majority of the intent of the requirement, but does meet some of the intent.	The performance or product measured does not substantively meet the intent of the requirement.

FERC’s VSL Guidelines:

VSL G1: Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance (Compare the VSLs to any prior Levels of Non-compliance and avoid significant changes that may encourage a lower level of compliance than was required when Levels of Non-compliance were used.)

VSL G2: Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties (A violation of a “binary” type requirement must be a “Severe” VSL. Avoid using ambiguous terms such as “minor” and “significant” to describe noncompliant performance.)

VSL G3: Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement (VSLs should not expand on what is required in the requirement.)

VSL G4: Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations (. . . unless otherwise stated in the requirement, each instance of non-compliance with a requirement is a separate violation. Section 4 of the Sanction Guidelines states that assessing penalties on a per violation per day basis is the “default” for penalty calculations.)