

## Violation Risk Factor and Violation Severity Level

### Justifications ~~Assignments~~

## COM-001-2 - Communications

### Violation Risk Factor and Violation Severity Level Justifications

This document provides the drafting team's justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in: COM-001-2 – Communications

~~COM-001-2 – Telecommunications~~

Each primary requirement is assigned a VRF and a set of one or more VSLs. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the ERO Sanction Guidelines.

### Justification for Assignment of Violation Risk Factors in COM-001-2

The Reliability Coordination Standard Drafting Team (SDT) applied the following NERC criteria and FERC Guidelines when proposing VRFs and VSL for the requirements under this project.~~in COM-001-2:~~

### NERC Criteria – Violation Risk Factors

#### *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 Violation Risk Factor Guidelines**

The SDT also considered consistency with the FERC Violation Risk Factor Guidelines for setting VRFs:<sup>1,2</sup>

#### **Guideline (1 ~~→~~) — 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.

— In the VSL Order, FERC listed critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System.<sup>3,4</sup>

- 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

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<sup>1</sup> [North American Electric Reliability Corp., 119 FERC ¶ 61,145, order on reh'g and compliance filing, 120 FERC ¶ 61,145 \(2007\) \(“VRF Rehearing Order”\).](#)

<sup>2</sup> [North American Electric Reliability Corp., 119 FERC ¶ 61,145, order on reh'g and compliance filing, 120 FERC ¶ 61,145 \(2007\) \(“VRF Rehearing Order”\).](#)

<sup>3</sup> [Id. at footnote 15.](#)

<sup>4</sup> [Id. at footnote 15.](#)

- Communication protocol and facilities
- Requirements to determine equipment ratings
- Synchronized data recorders
- Clearer criteria for operationally critical facilities
- Appropriate use of transmission loading relief.

**Guideline (2) — 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.

**Guideline (3) — 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.

**Guideline (4) — 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.

**Guideline (5) — 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.

The following discussion addresses how the SDT considered FERC’s VRF Guidelines 2 through 5. The team did not address Guideline 1 directly because of an apparent conflict between Guidelines 1 and 4. Whereas Guideline 1 identifies a list of topics that encompass nearly all topics within NERC’s Reliability Standards and implies that these requirements should be assigned a “High” VRF, Guideline 4 directs assignment of VRFs based on the impact of a specific requirement to the reliability of the system. The SDT believes that Guideline 4 is reflective of the intent of VRFs in the first instance and therefore concentrated its approach on the reliability impact of the requirements.

**VRF for COM-001-2:**

There are eleven requirements in the standard COM-001-2. None of the eleven requirements were assigned a “Lower” VRF. Requirements R1-R8 are assigned a “High” VRF while the other three requirements are assigned a “Medium” VRF.

## NERC Criteria – Violation Severity Levels

### Violation Severity Levels (VSLs) define the degree to which compliance with VRF for COM-001-2, Requirements R1-R6:

- ~~FERC’s Guideline 2 — Consistency within a requirement was not achieved~~ Reliability Standard. Each requirement must specify which functional entities that are required to have at least one VSL. While it is preferable to have four VSLs ~~Interpersonal Communications capability and Alternative Interpersonal Communications capability.~~ The VRFs for each requirement, some are consistent with each other and are only applied at the Requirement level.
- ~~FERC’s Guideline 3 — Consistency among Reliability Standards.~~ These requirements do not have multiple “degrees” of noncompliant performance, and may have are facility requirements that provide communications capability between functional entities. There are no similar facility requirements in the standards. The approved VRF for COM-001-1.1, R1 (which proposed R1-R6 replaces) is High and therefore the proposed VRF for R1-R6 is consistent.
- ~~FERC’s Guideline 4 — Consistency with NERC’s Definition of a VRF.~~ Failure to have ~~Interpersonal Communications capability and Alternative Interpersonal Communications capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the bulk power system and could lead to bulk power system instability, separation, or cascading failures.~~ Therefore, this requirement is assigned a High VRF.
- ~~FERC’s Guideline 5 — Treatment of Requirements that Co-mingle More Than One Objective.~~ COM-001-2, Requirements R1-R6 contain only one objective, therefore only one, two, or three VSLs. ~~VRF was assigned.~~

### VRF for COM-001-2, Requirement R7:

- ~~FERC’s Guideline 2 — Consistency within a Reliability Standard.~~ The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.
- ~~FERC’s Guideline 3 — Consistency among Reliability Standards.~~ COM-001-2, Requirement R7 is an analog to Parts 3.3 and 5.3 and they have the same VRF (High).
- ~~FERC’s Guideline 4 — Consistency with NERC’s Definition of a VRF.~~ Failure to have ~~Interpersonal Communications capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the bulk power system and could lead to bulk power system instability, separation, or cascading failures.~~ Therefore, this requirement was assigned a High VRF.

- ~~FERC's Guideline 5 — Treatment of Requirements that Co-mingle More Than One Objective. COM-001-2, Requirement R7 addresses a single objective and has a single VRF.~~

**VRF for COM-001-2, Requirement R8:**

- ~~FERC's Guideline 2 — Consistency within a Reliability Standard. The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.~~
- ~~FERC's Guideline 3 — Consistency among Reliability Standards. COM-001-2, Requirement R8 is an analog to Parts 3.4 and 5.4 and they have the same VRF (High).~~
- ~~FERC's Guideline 4 — Consistency with NERC's Definition of a VRF. Failure to have Interpersonal Communications capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the bulk power system and could lead to bulk power system instability, separation, or cascading failures. Therefore, this requirement was assigned a High VRF.~~
- ~~FERC's Guideline 5 — Treatment of Requirements that Co-mingle More Than One Objective. COM-001-2, Requirement R8 addresses a single objective and has a single VRF.~~

**VRF for COM-001-2, Requirement R9:**

- ~~FERC's Guideline 2 — Consistency within a Reliability Standard. The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.~~
- ~~FERC's Guideline 3 — Consistency among Reliability Standards. COM-001-2, Requirement R9 is a requirement for entities to test their Alternative Interpersonal Communications capability and to take restorative action should the test fail and is a replacement requirement for COM-001-1.1, R2, which has an approved VRF of Medium.~~
- ~~FERC's Guideline 4 — Consistency with NERC's Definition of a VRF. COM-001-2, Requirement R9 is a requirement for entities to test their Alternative Interpersonal Communications capability and to take restorative action should the test fail. The act of testing in and of itself is not likely to “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...” Therefore, this requirement was assigned a Medium VRF.~~
- ~~FERC's Guideline 5 — Treatment of Requirements that Co-mingle More Than One Objective. COM-001-2, Requirement R9 addresses a single objective and has a single VRF.~~

**VRF for COM-001-2, Requirement R10:**

- ~~FERC's Guideline 2 — Consistency within a Reliability Standard. The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.~~
- ~~FERC's Guideline 3 — Consistency among Reliability Standards. COM-001-2, Requirement R10 is a new requirement that was assigned a Medium VRF. When evaluating the VRF to be assigned to this requirement, the SDT took into account that this requirement~~

~~is a notification item, not an actual action that has a direct impact on the bulk power system. Therefore, the simple act of failing to notify another entity of the failure of Interpersonal Communications capability, while it may impair the entity's ability communicate, does not, in itself, lead to bulk power system instability, separation, or cascading failures. Therefore, this requirement was assigned a Medium VRF.~~

- ~~● FERC's Guideline 4—Consistency with NERC's Definition of a VRF. COM-001-2, Requirement R10 mandates that entities notify entities of a failure of Interpersonal Communications capability. Bulk power system instability, separation, or cascading failures are not likely to occur due to a failure to notify another entity of the failure. Therefore, this requirement was assigned a Medium VRF.~~
- ~~● FERC's Guideline 5—Treatment of Requirements that Co-mingle More Than One Objective. TOP-001-2, Requirement R10 addresses a single objective and has a single VRF.~~

#### **VRF for COM-001-2, Requirement R11:**

- ~~● FERC's Guideline 2—Consistency within a Reliability Standard. The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.~~
- ~~● FERC's Guideline 3—Consistency among Reliability Standards. COM-001-2, Requirement R11 is a new requirement that was assigned a Medium VRF. When evaluating the VRF to be assigned to this requirement, the SDT took into account that this requirement is a consultation item, not an actual action that has a direct impact on the bulk power system. Therefore, the simple act of failing to consult with another entity on the failure of Interpersonal Communications capability and its restoration, while it may impair the entity's ability communicate, does not, in itself, lead to bulk power system instability, separation, or cascading failures. Therefore, this requirement was assigned a Medium VRF.~~
- ~~● FERC's Guideline 4—Consistency with NERC's Definition of a VRF. COM-001-2, Requirement R11 mandates that entities consult with other entities regarding restoration of Interpersonal Communications capability. Bulk power system instability, separation, or cascading failures are not likely to occur due to a failure to consult with another entity on restoration times. Therefore, this requirement was assigned a Medium VRF.~~
- ~~● FERC's Guideline 5—Treatment of Requirements that Co-mingle More Than One Objective. TOP-001-2, Requirement R11 addresses a single objective and has a single VRF.~~

**Justification for Assignment of Violation severity levels should be Severity Levels for COM-001-2**

~~In developing the VSLs for the TOP standard, the SDT anticipated the evidence that would be reviewed during an audit, and developed its VSLs based on the guidelines shown in the table below none compliance an auditor may find during a typical audit. The SDT based its assignment of VSLs on the following NERC criteria:~~

| Lower   | Moderate  | High  | Severe   |
|---|---|---|--|
| Missing a minor element (or a small percentage) of the required performance<br>The performance or product measured has significant value as it almost meets the full intent of the requirement. | Missing at least one significant element (or a moderate percentage) of the required performance.<br>The performance or product measured still has significant value in meeting the intent of the requirement. | Missing more than one significant element (or is missing a high percentage) of the required performance or is missing a single vital component.<br>The performance or product has limited value in meeting the intent of the requirement. | Missing most or all of the significant elements (or a significant percentage) of the required performance.<br>The performance measured does not meet the intent of the requirement or the product delivered cannot be used in meeting the intent of the requirement. |

**FERC Order of Violation Severity Levels**

FERC’s VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for each requirement in ~~the standard TOP xxx x~~ meet the FERC Guidelines for assessing VSLs:

**Guideline 1 – 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.

**Guideline 2 – 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.

Do not use ambiguous terms such as “minor” and “significant” to describe noncompliant performance.

**Guideline 3 ~~–~~ Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement**

VSLs should not expand on what is required in the requirement.

**Guideline 4 ~~–~~ 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.

**VRF and VSL Justifications**



**VSLs for COM-001-2 Requirements R1 through R6:**

| <u>VRF Justifications – COM-001-2, R1-R6</u>   |  |
|--|--|
| <u>Proposed VRF</u>                            | <u>High</u>  |
| <u>NERC VRF Discussion</u>                     |  |
| <u>FERC VRF G1 Discussion</u>                  | <u>Guideline 1- Consistency w/ Blackout Report:</u><br><u>N/A</u>  |
| <u>FERC VRF G2 Discussion</u><br><b>R#</b>     | <u>2- Consistency within a Reliability Standard:</u><br><u>Each requirement specifies which functional entities that are required to have Interpersonal Communication capability and Alternative Interpersonal Communication capability. The VRFs for each requirement are consistent with each other and are only applied at the Requirement level. Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u> |
| <u>FERC VRF G3 Discussion</u><br><b>R1-R6.</b> | <u>Guideline 3- Consistency among Reliability Standards:</u><br><u>These requirements are facility requirements that provide communications capability between functional entities. There are no similar facility requirements in the standards. The approved VRF for COM-001-1.1, R1 (which proposed R1-R6 replaces) is High and therefore the proposed VRF for R1-R6 is consistent. The proposed requirement is a revision of COM-001-1.1, R1 and its</u>                          |

| <u>VRF Justifications – COM-001-2, R1-R6</u> |  |
|--|--|
| <u>Proposed VRF</u>                          | <u>High</u>  |
|  | <del>subrequirements. Each subrequirement was separated out into a new stand-alone requirement. The VSLs for the approved subrequirements are binary and this is reflected in the proposed VSLs.</del>   |
| <u>FERC VRF G4 Discussion</u>                | <u>Guideline 4- Consistency with NERC Definitions of VRFs:</u><br><u>Failure to have Interpersonal Communication capability and Alternative Interpersonal Communication capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the Bulk Power System and could lead to Bulk Power System instability, separation, or cascading failures. Therefore, this requirement is assigned a High VRF.</u> |
| <u>FERC VRF G5 Discussion</u>                | <u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u><br><u>Each of the six requirements, R1-R6, contains only one objective; therefore, only one VRF was assigned.</u>   |

**VSLs for COM-001-2 Requirement R7:**

| <b>Proposed VSLs for COM-001-2, R1-R6</b> |              |                 |   |   |
|---|--------------|-----------------|---|---|
| <b>R#</b>                                 | <b>Lower</b> | <b>Moderate</b> | <b>High</b>   | <b>Severe</b>   |
| <u>R1</u>                                 | <u>N/A</u>   | <u>N/A</u>      | <u>The Reliability Coordinator failed to have Interpersonal Communication capability with one of the entities listed in Requirement R1, Parts 1.1 or 1.2, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> | <u>The Reliability Coordinator failed to have Interpersonal Communication capability with two or more of the entities listed in Requirement R1, Parts 1.1 or 1.2, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> |
| <u>R2</u>                                 | <u>N/A</u>   | <u>N/A</u>      | <u>The Reliability Coordinator failed to designate Alternative Interpersonal Communication capability with one of the entities listed in Requirement R2,</u>  | <u>The Reliability Coordinator failed to designate Alternative Interpersonal Communication capability with two or more of the entities listed in</u>  |

|           |            |            |  |  |
|-----------|------------|------------|--|--|
|           |            |            | <u>Parts 2.1 or 2.2.</u>   | <u>Requirement R2, Parts 2.1 or 2.2.</u>   |
| <u>R3</u> | <u>N/A</u> | <u>N/A</u> | <u>The Transmission Operator failed to have Interpersonal Communication capability with one of the entities listed in Requirement R3, Parts 3.1, 3.2, 3.3, 3.4, 3.5, or 3.6, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> | <u>The Transmission Operator failed to have Interpersonal Communication capability with two or more of the entities listed in Requirement R3, Parts 3.1, 3.2, 3.3, 3.4, 3.5, or 3.6, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> |
| <u>R4</u> | <u>N/A</u> | <u>N/A</u> | <u>The Transmission Operator failed to designate Alternative Interpersonal Communication capability with one of the entities listed in Requirement R4, Parts 4.1, 4.2, 4.3, or 4.4.</u>  | <u>The Transmission Operator failed to designate Alternative Interpersonal Communication capability with two or more of the entities listed in Requirement R4, Parts 4.1, 4.2, 4.3, or 4.4.</u>  |

|   |            |            |   |   |
|---|------------|------------|---|---|
| <u>R5</u>   | <u>N/A</u> | <u>N/A</u> | <u>The Balancing Authority failed to have Interpersonal Communication capability with one of the entities listed in Requirement R5, Parts 5.1, 5.2, 5.3, 5.4, or 5.5, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> | <u>The Balancing Authority failed to have Interpersonal Communication capability with two or more of the entities listed in Requirement R5, Parts 5.1, 5.2, 5.3, 5.4, or 5.5, except when the Reliability Coordinator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R10.</u> |
| <u>R6</u>   | <u>N/A</u> | <u>N/A</u> | <u>The Balancing Authority failed to designate Alternative Interpersonal Communication capability with one of the entities listed in Requirement R6, Parts 6.1, 6.2, or 6.3.</u>  | <u>The Balancing Authority failed to designate Alternative Interpersonal Communication capability with two or more of the entities listed in Requirement R6, Parts 6.1, 6.2, or 6.3.</u>  |
| <b><u>VSL Justifications – COM-001-2, R1-R6</u></b> |            |            |   |   |
| <u>NERC VSL Guidelines</u>                          |            |            | Meets NERC’s VSL guidelines - Severe:   |   |

|   |  |
|---|--|
|   | <p>The performance or product measured does not substantively meet the intent of the requirement.</p>  |
| <p><u>FERC VSL G1</u><br/> <u>Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u></p>   | <p><u>The proposed requirement is a revision of COM-001-1.1, R1 and its sub-requirements. Each sub-requirement was separated out into a new stand-alone requirement. The VSLs for the approved sub-requirements are binary and this is reflected in the proposed VSLs.</u></p>   |
| <p><u>FERC VSL G2</u></p> <p style="text-align: center;"><u>Guideline-2</u></p> <p style="text-align: center;">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 style="text-align: right;"><u>2a:3</u></p> <p><u>N/A</u></p> <p><u>Guideline 2b:</u><br/> <del>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</del></p> <p><u>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</u></p> |

|   |  |
|---|--|
| <p><del>The proposed VSLs do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</del><u>FERC VSL G3</u></p> <p><u>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u></p> | <p>The proposed <u>VSL</u> <del>uses</del><u>VSLs use</u> the same terminology as used in the associated requirement, and <del>is</del><u>are</u>, therefore, consistent with the requirement.</p> |
| <p><u>FERC VSL G4</u></p> <p><u>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u></p>   | <p><u>The VSL is based on a single violation and not cumulative violations.</u></p>  |

**VSLs for COM-001-2 Requirement R8:**

| <u>VRF Justifications – COM-001-2, R7</u>   |  |
|---|--|
| <u>Proposed VRF</u>                         | <u>High</u>  |
| <u>NERC VRF Discussion</u>                  |  |
| <u>FERC VRF G1 Discussion</u>               | <u>Guideline 1- Consistency w/ Blackout Report:</u><br><u>N/A</u>  |
| <u>FERC VRF G2 Discussion</u>               | <u>Guideline 2- Consistency within a Reliability Standard:</u><br><u>The requirement has no sub-requirements; only one VRF is assigned, so there is no conflict.</u>   |
| <u>FERC VRF G3 Discussion</u> <sup>R#</sup> | <u>3- Consistency among Reliability Standards:</u><br><u>4</u><br><u>COM-001-2, Requirement R7 is an analog to Parts 3.3 and 5.3 and they have the same VRF (High). Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u>  |
| <u>FERC VRF G4 Discussion</u> <sup>R8</sup> | <u>Guideline 4- Consistency with NERC Definitions of VRFs:</u><br><u>Failure to have Interpersonal Communication capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the Bulk Power System and could lead to Bulk Power System instability, separation, or cascading failures. Therefore, this requirement is assigned a High VRF. The most comparable VSLs for a similar requirement are for the</u> |



VRF Justifications – COM-001-2, R7

| <u>Proposed VRF</u>           | <u>High</u>  |
|-------------------------------|--|
|                               | <del>proposed analog requirement and its parts COM-001-2, Part 3.4 and Part 5.4. This requirement specifies the two-way nature of entities having Interpersonal Communications capability. In other words, if one entity is required to have Interpersonal Communications capability with another entity, then the reciprocal should also be required or the onus would be exclusively on one entity. Since Requirement 3 and Requirement 5 are assigned binary VSLs, it appropriate for Requirement 7 to also be assigned a binary VSL.</del> |
| <u>FERC VRF G5 Discussion</u> | <u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u><br><u>The requirement contains only one objective; therefore, only one VRF was assigned.</u>  |

**VSLs for COM-001-2 Requirement R9:**

| <b>Proposed VSLs for COM-001-2, R7</b>    |              |                 |   |   |
|---|--------------|-----------------|---|---|
| <b>R#</b>                                 | <b>Lower</b> | <b>Moderate</b> | <b>High</b>   | <b>Severe</b>   |
| <u>R7</u>                                 | <u>N/A</u>   | <u>N/A</u>      | <u>The Distribution Provider failed to have Interpersonal Communication capability with one of the entities listed in Requirement R7, Parts 7.1 or 7.2, except when the Distribution Provider experienced a failure of its Interpersonal Communication capability in accordance with Requirement R11.</u> | <u>The Distribution Provider failed to have Interpersonal Communication capability with two or more of the entities listed in Requirement R7, Parts 7.1 or 7.2, except when the Distribution Provider experienced a failure of its Interpersonal Communication capability in accordance with Requirement R11.</u> |
| <b>VSL Justifications – COM-001-2, R7</b> |              |                 |   |   |
| <u>NERC VSL Guidelines</u>                |              |                 | Meets NERC’s VSL guidelines - Severe:<br>The performance or product measured does not substantively meet the intent of the requirement.   |   |

|   |  |
|---|--|
| <p><u>FERC VSL G1</u><br/> <u>Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u></p>   | <p><u>The proposed requirement is a revision of COM-001-1.1, R1 and its sub-requirements. Each sub-requirement was separated out into a new stand-alone requirement. The VSLs for the approved sub-requirements are binary and this is reflected in the proposed VSLs.</u></p>   |
| <p><u>FERC VSL G2</u></p> <p style="text-align: center;"><u>Guideline-2</u></p> <p style="text-align: center;">Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</p> <p style="text-align: center;">Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</p> <p style="text-align: center;">Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</p> | <p style="text-align: right;"><u>2a:3</u></p> <p><u>N/A</u></p> <p><u>Guideline 2b:</u><br/> <u>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations. Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u></p> |
| <p><u>FERC VSL G3</u><br/> <u>Violation Severity Level Assignment Should Be Consistent with the</u></p>   | <p>The proposed VSL uses the same terminology as used in the associated requirement,</p>   |

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|---|---|--|
| <p><u>Corresponding Requirement</u> <del>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</del></p> |   | <p>and is, therefore, consistent with the requirement.</p> |
| <p><u>FERC VSL G4</u><br/><u>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u></p>  | <p><u>The VSL is based on a single violation and not cumulative violations.</u></p> |  |

**VSLs for COM-001-2 Requirement R10:**

| <u>VRF Justifications – COM-001-2, R8</u>    |  |
|--|--|
| <u>Proposed VRF</u>                          | <u>High</u>  |
| <u>NERC VRF Discussion</u>                   |  |
| <u>FERC VRF G1 Discussion</u>                |  |
| <u>FERC VRF G2 Discussion</u>                | <u>Guideline 2- Consistency within a Reliability Standard:</u><br><u>The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.</u>   |
| <u>FERC VRF G3 Discussion</u><br><u>R#</u>   | <u>3- 2</u><br><u>Violation Severity Level Assignments Should Ensure Uniformity and among Reliability Standards;in the Determination of Penalties</u><br><u>COM-001-2, Requirement R8 is an analog to Parts 3.4 and 5.4 and they have the same VRF (High).Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</u><br><u>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</u> |
| <u>FERC VRF G4 Discussion</u><br><u>R10:</u> | <u>Guideline 4- Consistency with NERC Definitions of VRFs:</u><br><u>Failure to have Interpersonal Communication capability could limit or prevent communication between entities and directly affect the electrical state or the capability of the Bulk Power System and could lead to Bulk Power System</u>  |

VRF Justifications – COM-001-2, R8

| <u>Proposed VRF</u>                  | <u>High</u>  |
|--------------------------------------|--|
|                                      | <p><u>instability, separation, or cascading failures. Therefore, this requirement is assigned a High VRF. The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</u></p> |
| <p><u>FERC VRF G5 Discussion</u></p> | <p><u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u></p> <p><u>The requirement contains only one objective; therefore, only one VRF was assigned.</u></p>   |

VSLs for COM-001-2 Requirement R11:

| <u>Proposed VSLs for COM-001-2, R8</u>    |              |                 |   |   |
|---|--------------|-----------------|---|---|
| <u>R#</u>                                 | <u>Lower</u> | <u>Moderate</u> | <u>High</u>   | <u>Severe</u>   |
| <u>R8</u>                                 | <u>N/A</u>   | <u>N/A</u>      | <u>The Generator Operator failed to have Interpersonal Communication capability with one of the entities listed in Requirement R8, Parts 8.1 or 8.2, except when a Generator Operator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R11.</u> | <u>The Generator Operator failed to have Interpersonal Communication capability with two or more of the entities listed in Requirement R8, Parts 8.1 or 8.2, except when a Generator Operator experienced a failure of its Interpersonal Communication capability in accordance with Requirement R11.</u> |
| <u>VSL Justifications – COM-001-2, R8</u> |              |                 |   |   |
| <u>NERC VSL Guidelines</u>                |              |                 | <u>Meets NERC’s VSL guidelines - Severe: The performance or product measured does not substantively meet the intent of the requirement.</u>   |   |
| <u>FERC VSL G1</u>                        |              |                 | <u>The most comparable VSLs for a similar requirement are for the proposed</u>  |   |

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| <p><u>Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u></p>   | <p><u>analog requirement and its parts COM-001-2, Part 3.4 and Part 5.4. This requirement specifies the two-way nature of entities having Interpersonal Communications capability.</u> In other words, if one entity is required to have Interpersonal Communications capability with another entity, then the reciprocal should also be required or the onus would be exclusively on one entity. <u>Since Requirement R3 and R5 are assigned binary VSLs, it appropriate for Requirement R7 to also be assigned a binary VSL.</u></p> |
| <p><u>FERC VSL G2</u></p> <p><u>Guideline-2</u></p> <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><u>2a:3</u></p> <p><u>N/A</u></p> <p><u>Guideline 2b:</u></p> <p><u>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u></p> <p><u>The proposed VSLs do not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar</u></p>   |



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|  |   | <u>penalties for similar violations.</u>   |
| <p><u>FERC VSL G3</u></p> <p><u>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u><br/> <del>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</del></p> |   | <p>The proposed <u>VSLs</u> <del>use VSL uses</del> the same terminology as used in the associated requirement, and <u>are is</u>, therefore, consistent with the requirement.</p> |
| <p><u>FERC VSL G4</u></p> <p><u>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u></p>  | <p><u>The VSLs are based on a single violation and not cumulative violations.</u></p> |  |

| <u>VRF Justifications – COM-001-2, R9</u> |               |
|---|---------------|
| <u>Proposed VRF</u>                       | <u>Medium</u> |
| <u>NERC VRF Discussion</u>                |               |
| <u>FERC VRF G1</u>                        |               |

| <u>VRF Justifications – COM-001-2, R9</u> |   |
|---|---|
| <u>Proposed VRF</u>                       | <u>Medium</u>   |
| <u>Discussion</u>                         |   |
| <u>FERC VRF G2 Discussion</u>             | <u>Guideline 2- Consistency within a Reliability Standard:</u><br><u>The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.</u>  |
| <u>FERC VRF G3 Discussion</u>             | <u>Guideline 3- Consistency among Reliability Standards:</u><br><u>COM-001-2, Requirement R9 is a requirement for entities to test their Alternative Interpersonal Communication capability and to take restorative action should the test fail and is a replacement requirement for COM-001-1.1, R2, which has an approved VRF of Medium.</u>  |
| <u>FERC VRF G4 Discussion</u>             | <u>COM-001-2, Requirement R9 is a requirement for entities to test their Alternative Interpersonal Communication capability and to take restorative action should the test fail. The act of testing in and of itself is not likely to “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...” Therefore, this requirement is assigned a Medium VRF.</u> |
| <u>FERC VRF G5 Discussion</u>             | <u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u><br><u>The requirement contains only one objective; therefore, only one VRF was</u>   |

VRF Justifications – COM-001-2, R9

|                     |                  |
|---------------------|------------------|
| <u>Proposed VRF</u> | <u>Medium</u>    |
|                     | <u>assigned.</u> |

Proposed VSLs for COM-001-2, R9

| <u>R#</u> | <u>Lower</u>   | <u>Moderate</u>  | <u>High</u>  | <u>Severe</u>   |
|-----------|--|--|--|---|
| <u>R9</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority tested the Alternative Interpersonal Communication capability but failed to initiate action to repair or designate a replacement Alternative Interpersonal Communication in more than 2 hours and less than or</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority tested the Alternative Interpersonal Communication capability but failed to initiate action to repair or designate a replacement Alternative Interpersonal Communication in more than 4 hours and less than or</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority tested the Alternative Interpersonal Communication capability but failed to initiate action to repair or designate a replacement Alternative Interpersonal Communication in more than 6 hours and less than or</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority failed to test the Alternative Interpersonal Communication capability once each calendar month.<br/>OR<br/>The Reliability Coordinator, Transmission Operator, or Balancing Authority</u> |

|  |  |  |  |   |
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|  | <u>equal to 4 hours upon an unsuccessful test.</u> | <u>equal to 6 hours upon an unsuccessful test.</u>   | <u>equal to 8 hours upon an unsuccessful test.</u> | <u>tested the Alternative Interpersonal Communication capability but failed to initiate action to repair or designate a replacement Alternative Interpersonal Communication in more than 8 hours upon an unsuccessful test.</u> |
| <b><u>VSL Justifications – COM-001-2, R9</u></b>   |  |  |  |   |
| <u>NERC VSL Guidelines</u>   |  | <u>Meets NERC’s VSL guidelines. There is an incremental aspect to the violation and the VSLs follow the guidelines for incremental violations.</u> |  |   |
| <u>FERC VSL G1<br/>Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u> |  | <u>The proposed requirement is a new and there are no comparable VSLs.</u>   |  |   |
| <u>FERC VSL G2<br/>Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the</u>  |  | <u>Guideline 2a:<br/>N/A</u>   |  |   |

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| <p><u>Determination of Penalties</u></p> <p><u>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</u></p> <p><u>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</u></p> | <p><u>Guideline 2b:</u></p> <p><u>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</u></p> |
| <p><u>FERC VSL G3</u></p> <p><u>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u></p>   | <p><u>The proposed VSL uses the same terminology as used in the associated requirement, and is, therefore, consistent with the requirement.</u></p>  |
| <p><u>FERC VSL G4</u></p> <p><u>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u></p>   | <p><u>The VSL is based on a single violation and not cumulative violations.</u></p>  |

| <p><u>VRF Justifications – COM-001-2, R10</u></p> |                      |
|---|----------------------|
| <p><u>Proposed VRF</u></p>                        | <p><u>Medium</u></p> |
| <p><u>NERC VRF Discussion</u></p>                 |                      |

| <u>VRF Justifications – COM-001-2, R10</u> |  |
|--|--|
| <u>Proposed VRF</u>                        | <u>Medium</u>  |
| <u>FERC VRF G1 Discussion</u>              |  |
| <u>FERC VRF G2 Discussion</u>              | <u>Guideline 2- Consistency within a Reliability Standard:</u><br><u>The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.</u>   |
| <u>FERC VRF G3 Discussion</u>              | <u>Guideline 3- Consistency among Reliability Standards:</u><br><u>COM-001-2, Requirement R10 is a new requirement that was assigned a Medium VRF. When evaluating the VRF to be assigned to this requirement, the SDT took into account that this requirement is a notification item, not an actual action that has a direct impact on the Bulk Power System. Therefore, the simple act of failing to notify another entity of the failure of Interpersonal Communication capability, while it may impair the entity's ability to communicate, does not, in itself, lead to Bulk Power System instability, separation, or cascading failures. Therefore, this requirement is assigned a Medium VRF.</u> |
| <u>FERC VRF G4 Discussion</u>              | <u>Guideline 4- Consistency with NERC Definitions of VRFs:</u><br><u>COM-001-2, Requirement R10 mandates that entities notify entities of a failure of Interpersonal Communications capability. Bulk Power System instability, separation, or cascading failures are not likely to occur due to a failure to notify another entity of the failure. Therefore, this requirement is assigned a Medium VRF.</u>   |

VRF Justifications – COM-001-2, R10

|                               |   |
|-------------------------------|---|
| <u>Proposed VRF</u>           | <u>Medium</u>   |
| <u>FERC VRF G5 Discussion</u> | <u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u><br><u>The requirement contains only one objective; therefore, only one VRF was assigned.</u> |

Proposed VSLs for COM-001-2, R10

| <u>R#</u>  | <u>Lower</u>  | <u>Moderate</u>   | <u>High</u>   | <u>Severe</u>   |
|------------|---|---|---|---|
| <u>R10</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority failed to notify the entities identified in Requirements R1, R3, and R5 upon the detection of a failure of its Interpersonal Communication capability in more than 60 minutes</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority failed to notify the entities identified in Requirements R1, R3, and R5 upon the detection of a failure of its Interpersonal Communication capability in more than 70 minutes but less than or equal to</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority failed to notify the entities identified in Requirements R1, R3, and R5 upon the detection of a failure of its Interpersonal Communication capability in more than 80 minutes</u> | <u>The Reliability Coordinator, Transmission Operator, or Balancing Authority failed to notify the identified entities in Requirements R1, R3, and R5 upon the detection of a failure of its Interpersonal Communication capability in more</u> |

|   |  |   |  |                         |
|---|--|---|--|-------------------------|
|   | <u>but less than or equal to 70 minutes.</u> | <u>80 minutes.</u>  | <u>but less than or equal to 90 minutes.</u> | <u>than 90 minutes.</u> |
| <b><u>VSL Justifications – COM-001-2, R10</u></b>   |  |   |  |                         |
| <u>NERC VSL Guidelines</u>  |  | <u>Meets NERC’s VSL guidelines. There is an incremental aspect to the violation and the VSLs follow the guidelines for incremental violations.</u>  |  |                         |
| <u>FERC VSL G1</u><br><u>Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u>  |  | <u>The proposed requirement is new and there are no comparable VSLs.</u>  |  |                         |
| <u>FERC VSL G2</u><br><u>Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</u><br><u>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent</u><br><u>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</u> |  | <u>Guideline 2a:</u><br><u>N/A</u><br><u>Guideline 2b:</u><br><u>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</u> |  |                         |
| <u>FERC VSL G3</u><br><u>Violation Severity Level Assignment Should</u>   |  | <u>The proposed VSL uses the same terminology as used in the associated requirement, and is,</u>  |  |                         |



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| <u>Be Consistent with the Corresponding Requirement</u>  | <u>therefore, consistent with the requirement.</u>                           |
| <u>FERC VSL G4 Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u> | <u>The VSL is based on a single violation and not cumulative violations.</u> |

| <u>VRF Justifications – COM-001-2, R11</u> |  |
|--|--|
| <u>Proposed VRF</u>                        | <u>Medium</u>  |
| <u>NERC VRF Discussion</u>                 |  |
| <u>FERC VRF G1 Discussion</u>              |  |
| <u>FERC VRF G2 Discussion</u>              | <u>Guideline 2- Consistency within a Reliability Standard:</u><br><u>The requirement has no sub-requirements; only one VRF was assigned so there is no conflict.</u>   |
| <u>FERC VRF G3 Discussion</u>              | <u>Guideline 3- Consistency among Reliability Standards:</u><br><u>COM-001-2, Requirement R11 is a new requirement that was assigned a Medium VRF. When evaluating the VRF to be assigned to this requirement,</u> |

VRF Justifications – COM-001-2, R11

| <u>Proposed VRF</u>                  | <u>Medium</u>   |
|--------------------------------------|---|
|                                      | <p><u>the SDT took into account that this requirement is a consultation item, not an actual action that has a direct impact on the Bulk Power System. Therefore, the simple act of failing to consult with another entity on the failure of Interpersonal Communications capability and its restoration, while it may impair the entity’s ability communicate, does not, in itself, lead to Bulk Power System instability, separation, or cascading failures. Therefore, this requirement is assigned a Medium VRF.</u></p> |
| <p><u>FERC VRF G4 Discussion</u></p> | <p><u>Guideline 4- Consistency with NERC Definitions of VRFs:</u><br/> <u>COM-001-2, Requirement R11 mandates that entities consult with other entities regarding restoration of Interpersonal Communication capability. Bulk Power System instability, separation, or cascading failures are not likely to occur due to a failure to consult with another entity on restoration times. Therefore, this requirement is assigned a Medium VRF.</u></p>   |
| <p><u>FERC VRF G5 Discussion</u></p> | <p><u>Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation:</u><br/> <u>The requirement contains only one objective; therefore, only one VRF was assigned.</u></p>  |

Proposed VSLs for COM-001-2, R11

| <u>R#</u> | <u>Lower</u> | <u>Moderate</u> | <u>High</u> | <u>Severe</u> |
|-----------|--------------|-----------------|-------------|---------------|
|-----------|--------------|-----------------|-------------|---------------|

|   |            |            |   |   |
|---|------------|------------|---|---|
| <u>R11</u>  | <u>N/A</u> | <u>N/A</u> | <u>N/A</u>  | <u>The Distribution Provider or Generator Operator failed to consult with its Transmission Operator and Balancing Authority to determine a mutually agreeable action for the restoration of the Interpersonal Communication capability.</u> |
| <u>VSL Justifications – COM-001-2, R11</u>  |            |            |   |   |
| <u>NERC VSL Guidelines</u>  |            |            | <u>Meets NERC’s VSL guidelines. This is a binary requirement and the VSL is severe.</u>   |   |
| <u>FERC VSL G1</u><br><u>Violation Severity Level</u><br><u>Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</u>  |            |            | <u>The proposed requirement is new and there are no comparable existing VSLs.</u>   |   |
| <u>FERC VSL G2</u><br><u>Violation Severity Level</u><br><u>Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties</u><br><u>Guideline 2a: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not</u> |            |            | <u>Guideline 2a:</u><br><u>N/A</u><br><u>Guideline 2b:</u><br><u>The proposed VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</u> |   |

|  |   |
|--|---|
| <p><u>Consistent</u><br/><u>Guideline 2b: Violation Severity Level Assignments that Contain Ambiguous Language</u></p>                                   |   |
| <p><u>FERC VSL G3</u><br/><u>Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</u></p>                         | <p><u>The proposed VSL uses the same terminology as used in the associated requirement, and is, therefore, consistent with the requirement.</u></p> |
| <p><u>FERC VSL G4</u><br/><u>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</u></p> | <p><u>The VSL is based on a single violation and not cumulative violations.</u></p>   |