

Review of MOD-028-1—Area Interchange Methodology (Deferred)

<http://www.nerc.com/files/MOD-028-1.pdf>

VSLs for Requirements R8 and R9:

Standard, Requirement	Requirement Language	Lower	Moderate	High	Severe	Comments
MOD-028-1, R8	<p>When calculating Existing Transmission Commitments (ETCs) for firm commitments (ETC_F) for all time periods for an ATC Path the Transmission Service Provider shall use the following algorithm:</p> $ETC_F = NITS_F + GF_F + PTP_F + ROR_F + OS_F$ <p>Where:</p> <p>NITS_F is the firm capacity set aside for Network Integration Transmission Service (including the capacity used to serve bundled load within the Transmission Service</p>	<p>For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or</p>	<p>For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the</p>	<p>For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 35% of the value calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.</p>	<p>For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M10 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is greater.</p>	<p>FERC staff was concerned about the “grace period” of 15% beginning in the Lower VSL.</p> <p>NERC staff notes that the “grace” period of 15% is not a grace period, but rather a way to account for calculation variances. Regardless, this percentage is established in Measure M10: “To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15%</p>

	<p>Provider’s area with external sources) on ATC Paths that serve as interfaces with other Balancing Authorities.</p> <p>GF_F is the firm capacity set aside for Grandfathered Firm Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider’s Open Access Transmission Tariff or safe harbor tariff on ATC Paths that serve as interfaces with other Balancing Authorities.</p> <p>PTP_F is the firm capacity reserved for confirmed Point-to-Point Transmission Service.</p> <p>ROR_F is the capacity reserved for roll-over</p>	<p>25MW, whichever is greater.</p>	<p>value calculated in the measure or 35MW, whichever is greater.</p>			<p>or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R8 to calculate its firm ETC. (R8)”</p> <p>Thus, the VSLs are appropriate as written and no change is necessary.</p>
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	<p>rights for Firm Transmission Service contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer's Transmission Service contract expires or is eligible for renewal.</p> <p>OS_F is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service, including another firm adjustments to reflect impacts from other ATC Paths of the Transmission Service Provider as specified in the ATCID.</p>					
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Original Guideline Explanations for R8 in [December 1, 2010 Filing Addressing MOD VRFs and VSLs:](#)

- *Guideline 1:* This is a new standard. Accordingly, no historic performance has been established.
- *Guideline 2:* The VSLs comply with Guideline 2. The requirement has gradated VSLs; therefore, Guideline 2a is not applicable. The gradated VSLs ensure uniformity and consistency among all approved Reliability Standards in the determination of penalties. Therefore, no changes to the VSLs were required. Additionally, NERC has reviewed the VSL text and has determined that, as written, the VSL text is clear, specific and objective and does not contain general, relative or subjective language satisfying Guideline 2b. Thus, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.
- *Guideline 3:* NERC reviewed the existing requirement VSLs to the stated requirement language to ensure the VSLs do not redefine or undermine the requirement’s reliability goal. In accordance with Guideline 3, the VSL assignment(s) are consistent with the requirement and the degree of compliance can be determined objectively and with certainty.
- *Guideline 4:* The VSL assignments comply with Guideline 4, because they are based on a single violation of a Reliability Standard and are not based on a cumulative number of violations of the same requirement over a period of time.

VSLs for Requirement R9:

Standard, Requirement	Requirement Language	Lower	Moderate	High	Severe	Comments
MOD-028-1, R9	<p>When calculating ETC for non-firm commitments (ETC_{NF}) for all time periods for an ATC Path the Transmission Service Provider shall use the following algorithm:</p> $ETC_{NF} = NITS_{NF} + GF_{NF} + PTP_{NF} + OS_{NF}$ <p>Where:</p> <p>NITS_{NF} is the non-firm</p>	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 35% of the value	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M11 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is	<p>FERC staff was concerned about the “grace period” of 15% beginning in the Lower VSL.</p> <p>NERC staff notes that the “grace” period of 15% is not a grace period, but rather a way to account for calculation variances. Regardless, this percentage is established in</p>

	<p>capacity set aside for Network Integration Transmission Service (i.e., secondary service , including the capacity used to serve bundled load within the Transmission Service Provider’s area with external sources) reserved on ATC Paths that serve as interfaces with other Balancing Authorities.</p> <p>GF_{NF} is the non-firm capacity reserved for Grandfathered Non-Firm Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider’s Open Access Transmission Tariff or safe harbor tariff on ATC Paths that serve as interfaces with other Balancing</p>	<p>more than 15% of the value calculated in the measure or 15MW, whichever is greater, but not more than 25% of the value calculated in the measure or 25MW, whichever is greater.</p>	<p>difference was more than 25% of the value calculated in the measure or 25MW, whichever is greater, but not more than 35% of the value calculated in the measure or 35MW, whichever is greater.</p>	<p>calculated in the measure or 35MW, whichever is greater, but not more than 45% of the value calculated in the measure or 45MW, whichever is greater.</p>	<p>greater.</p>	<p>Measure M11. M11 references R9 and the 15% number in question:“To account for differences that may occur when recalculating the value (due to mixing automated and manual processes), any recalculated value that is within +/- 15% or 15 MW, whichever is greater, of the originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R8 to calculate its non-firm ETC. (R9)”</p> <p>Thus, the VSLs are appropriate as written and no change is necessary.</p>
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	<p>Authorities.</p> <p>PTP_{NF} is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.</p> <p>OS_{NF} is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Non-Firm Transmission Service, including any other firm adjustments to reflect impacts from other ATC Paths of the Transmission Service Provider as specified in the ATCID.</p>					
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Original Guideline Explanations for R9 in [December 1, 2010 Filing Addressing MOD VRFs and VSLs](#):

- *Guideline 1:* This is a new standard. Accordingly, no historic performance has been established.
- *Guideline 2:* The VSLs comply with Guideline 2. The requirement has gradated VSLs; therefore, Guideline 2a is not applicable. The gradated VSLs ensure uniformity and consistency among all approved Reliability Standards in the determination of penalties. Therefore, no changes to the VSLs were required. Additionally, NERC has reviewed the VSL text and has determined that, as written, the VSL text is clear, specific and objective and does not contain general, relative or subjective language satisfying Guideline 2b. Thus, the text is not

subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.

- *Guideline 3:* NERC reviewed the existing requirement VSLs to the stated requirement language to ensure the VSLs do not redefine or undermine the requirement's reliability goal. In accordance with Guideline 3, the VSL assignment(s) are consistent with the requirement and the degree of compliance can be determined objectively and with certainty.
- *Guideline 4:* The VSL assignments comply with Guideline 4, because they are based on a single violation of a Reliability Standard and are not based on a cumulative number of violations of the same requirement over a period of time.