

Notes

Project 2010-17 Definition of Bulk Electric System

Thursday, June 16, 2011 | 11:00 a.m. – 2:00 p.m. ET
Dial-in information: 1.877.857.1347 Meeting ID: 616116

Administration

1. Introduction and Quorum

The Chair brought the call to order at 11:00 a.m. EDT on Thursday, June 16, 2011. Call participants were:

SDT Members		
Jennifer Dering, NYPA	Phil Fedora, NPCC	Ajay Garg, Hydro One
Pete Heidrich, FRCC, Chair	John Hughes, ELCON	Barry Lawson, NRECA, Vice Chair
Jeff Mitchell, RFC	Jerry Murray, OR PUC	Rich Salgo, Sierra Pacific
Jason Snodgrass, GTC	Jennifer Sterling, Exelon	Jonathan Sykes, PG&E
Ed Dobrowolski, NERC		
NERC Staff		
Bob Cummings	Holly Hawkins	Andy Rodriguez
Herb Schrayshuen	Phil Tatro	Dave Taylor
FERC Staff		
Kal Ayoub	Patrick Boughan	Al Corbett
Jonathan First, OGC	Randy Johanning	Susan Morris
Cynthia Pointer	David O'Connor	Keith O'Neal
Bob Snow	Zack Zaremski	
Observers		
Mark Cole, Autry, Horton & Cole, LLP	Paul Cummings, City of Redding	Charles Cumpton, BG&E
Michelle D'Antuono, Occidental	Richard Dearman, TVA	Chris De Graffenried, Con Ed
Tom Duffy, CH	Carter Edge, SERC	Joe Fina, Snohomish
Jonathan Hayes, SWPP	Bill Harm, PJM	Marcus Lotto, SCE
John Martinsen, Snohomish	Ken Shortt, Pacificorp	Tim Soles, Occidental
Dave Trego, Fayetteville		

2. NERC Anti-trust Guidelines and Conference Call Warning – Ed Dobrowolski

The NERC Anti-trust Guidelines were read and engendered no questions. The open conference call warning was delivered.

Agenda

1. Opening Remarks

Jonathan First opened the call by stating that FERC staff was comfortable with the general approach of the SDT with the core definition followed by the Inclusions and Exclusions. He cautioned however that the 3 main points of Order 743 need to be remembered during the course of the project:

- a. The revised definition should eliminate regional discretion.
- b. All 8 regions, including NPCC, need to be consistent with respect to the definition.
- c. Registration status quo should be observed.

Keith O’Neal Pointed out the FERC staff understood that the definition was still a work in progress.

2. Local Networks

FERC staff is concerned that the exclusion language is too broad. They also question whether it can be consistently employed, i.e., is it truly bright-line?

The SDT feels that 1-line diagrams and existing, readily available data can be used to prove the point so that the language is indeed bright-line. The sub-bullets show a tendency to be conservative in the approach taken. The SDT also believes that due to the multi-layered set of qualifications, that gaming would be difficult.

FERC staff questioned whether the exclusion would cause a backsliding effect on registration.

The SDT believes that some Elements that are currently considered as BES may not have that same categorization in light of the revised definition. However, it should cause little or no impact on registration. Entities that are currently registered will still have BES Elements and will thus remain registered. This language was largely driven by WECC and they were firm in their position that they were not attempting to introduce language that would drive de-registration.

NPCC has done a preliminary analysis of how the revised definition would affect the number of BES Elements in their footprint. This analysis shows there would be a significant increase in the number of BES Elements. This would be particularly true in major metropolitan areas.

FERC staff questioned whether any other regions had provided similar analysis.

RFC has done some preliminary work but does not have a conclusion as yet. They do not presently have a local network exclusion and they don't keep a list of non-BES Elements. Therefore, it is difficult for them to come to any definitive conclusion at this time. However, their feeling is that some Elements that are presently BES may not be in that category with the revised definition and some smaller entities might not have to register. However, they don't feel there will be any significant reliability? impact on their major metropolitan areas.

FERC staff questioned whether RFC had any major concerns about this situation and if so, is there a language fix to solve the problem.

RFC doesn't keep a list as described above so they are unable to provide a definitive response at this time. They have no proposals for language changes in this area. RFC feels that some 100 kV facilities in major metropolitan areas may be excluded because those facilities are distribution.

FERC staff then questioned whether the SDT can solicit feedback on the issue from the industry.

The SDT is basically constrained to the development process and is thus using the industry comment periods to get any feedback. The SDT does not have the authority to do surveys of the industry. They would have to go to another body such as the NERC Standards Committee or the NERC Operating Committee to get them to perform surveys. The schedule for this project makes surveys problematic anyway.

The members of the SDT were selected based on geography, size of entity, and function of entity to ensure that the spectrum of BES users was represented as best as possible. The SDT is constantly quizzed on how the revised definition is going to affect their various constituencies to avoid bias in the process.

FERC staff stated that they could take a map and draw up sections of major metropolitan areas that could be excluded by someone intentionally trying to exclude their equipment from the BES (gerrymandering).

The SDT expressed the feeling that E3 has sufficient constraints attached to it that it would seem difficult to do what FERC staff is suggesting. Entities are not going to be disappearing from the registry due to this revised definition. They are still going to have BES Elements that will require them to register. It is important to remember that registration is on the entity level and not the Element level. The SDT feels that the current definition is not clear in this regard and the proposed revision provides needed clarity. The SDT emphasized that their intent is strictly to provide legitimate distribution facilities the exclusions they need as per Orders 693 & 743 as well as the Federal Power Act.

FERC staff was still concerned about the effect of unintended consequences with the definition as it stands. They are also concerned about the self-certification aspects of the exclusions.

The SDT pointed out that the original registration process was set up this way and it has worked well.

FERC staff was concerned about islanding of generation but the SDT feels that E3a should cover that problem. If FERC staff still has concerns in this area, specific examples are needed. Susan Morris agreed to bring examples to the Philadelphia meeting.

AI – Susan Morris to bring examples of possible gerrymandering under Exclusion E3 that would affect generation and/or major metropolitan areas to the Philadelphia meeting.

The SDT pointed out that the Rules of procedure (RoP) process can handle exceptions either way – in or out. Technical principles are being developed that will govern that process.

FERC staff questioned why there was no limit on Load in E3 and pointed out that one commenter did mention this. There is concern about a gerrymandering effort here as well.

The SDT stated that distribution is distribution and the amount of Load shouldn't be a concern.

FERC staff stated that there is a decided difference of engineering opinion on this topic. Therefore, the SDT should provide a sound technical rationale for what they are proposing as an equal and effective approach to what was suggested in the Order.

3. Associated Equipment

The SDT has deleted this term as ambiguous and unnecessary. The SDT will ask NERC legal staff if standards and requirements can be written against equipment that is non-BES. FERC staff wanted to know what would happen if someone challenged this position and where the criteria exist governing what can be done.

The SDT feels that the revised definition with the Inclusions and Exclusions provide more granularity and clarity on specific issues and could answer some of FERC staff's concerns. The SDT also pointed out that applicability in specific standards can address who is responsible for the standards. For example, FERC approved standards on Protection Systems which are not defined as BES Elements.

FERC staff stated that 'associated equipment' means 'facilities need to operate/support the BES'. They are concerned that some things that are considered BES now will drop out due to the revised definition. Their feeling is that the current 'associated equipment' basically covered all circumstances.

4. Normally Open Switch

FERC staff wanted to know when and for how long the switch referenced in E1 would be closed.

The SDT stated that existing Operating Procedures would dictate how and when to operate the switch. Operation of such switches is not an arbitrary process and reliability of service to end-use customers drives the process. Limitations are many and varied through the country and quite often have to do with maintenance on the lines. There are definite ramifications for improper and/or overly-prolonged use of such switches.

FERC staff questioned whether such a switch would be under the control of a Transmission Operator. If so, it would probably alleviate their concerns as an equal and effective solution to the problem.

The SDT can't guarantee that a Transmission Operator would be in control of all of these switches but pointed out that good utility practices were in effect here and have been an effective mechanism for control for many years.

5. Deletion of 20 MVA Generation

FERC staff asked about the analysis that is being performed concerning the deletion of 20 MVA generation as to when it might be available and if it would be shared.

Preliminary results are available but the data is confidential and can't be publically shared. The SDT volunteered to sit down with Susan Morris next week in Philadelphia to go over the results to date.

AI – The SDT will review available data on the 20 MVA generation question with Susan Morris in Philadelphia.

Phil Fedora volunteered at the last SDT meeting to research the issue of how the deletion of 20 MVA generation would affect the BES. He will report back to the SDT in Philadelphia.

AI - Phil Fedora will research all 8 regions to determine the impact of raising the generation resource value to 75 MVA. He will report back in Philadelphia.

6. Behind-the-Meter Generation

FERC staff wanted to know what would happen if the unit in question tripped.

In some cases, the Load will trip with the generation and there is no problem. If the Load doesn't trip with the generation then the constraints listed in the exclusion (lifted almost word for word from the Registry Criteria) require that backup power be available to pick up the Load. Therefore, the SDT does not see a problem.

FERC staff is still concerned about these units not being available to planners for TPL studies. They believe a statement about making data available for behind-the-meter

generation to planning staffs would alleviate their concerns. FERC staff also wanted to assure that deliverability of the backup power was assured.

7. Summary

Jonathan First summarized FERC staff's concerns:

- Potential manipulation of local networks to incorrectly carve out large portions of the BES as non-BES Elements and to exclude large sections of major metropolitan areas
- How to incorporate 'associated equipment' which has been deleted from the proposed definition
- The role of normally open switches in the make-before-break aspect of E1
- Behind-the-meter generation accountability

8. Future Meetings

- a. Face-to-face meeting for June 21 – 23, 2011 at Exelon in Philadelphia.
- b. Face-to-face meeting for July 19 - 21, 2011 at WECC in Salt Lake City, UT. Details to follow.
- c. Meetings and conference calls on an as needed basis to support the schedule for the second posting.

9. Action Items – Ed Dobrowolski

The Following action items were developed during this meeting:

- Susan Morris to bring examples of possible gerrymandering under Exclusion E3 that would affect generation and/or major metropolitan areas to the Philadelphia meeting.
- The SDT will review available data on the 20 MVA generation question with Susan Morris in Philadelphia.
- Phil Fedora will research all 8 regions to determine the impact of raising the generation resource value to 75 MVA. He will report back in Philadelphia.

10. Adjourn

The Chair adjourned the call at 1:30 p.m. EDT.