

# Violation Risk Factor and Violation Severity Level Justification

## Project 2019-06 Cold Weather

This document provides the standard drafting team's (SDT's) justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in Reliability Standards EOP-011-2, IRO-010-4, and TOP-003-5. Each requirement is assigned a VRF and a VSL. 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 Electric Reliability Organizations (ERO) Sanction Guidelines. The SDT applied the following NERC criteria and FERC Guidelines when developing the VRFs and VSLs for the requirements.

### NERC Criteria for Violation Risk Factors

#### High Risk Requirement

A requirement that, if violated, could directly cause or contribute to Bulk Electric System (BES) instability, separation, or a cascading sequence of failures, or could place the BES 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 BES instability, separation, or a cascading sequence of failures, or could place the BES 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 BES, or the ability to effectively monitor and control the BES. However, violation of a medium risk requirement is unlikely to lead to BES 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 BES, or the ability to effectively monitor, control, or restore the BES. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to BES 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 BES, or the ability to effectively monitor and control the BES; 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 BES, or the ability to effectively monitor, control, or restore the BES.

## **FERC Guidelines for Violation Risk Factors**

### **Guideline (1) – Consistency with the Conclusions of the Final Blackout Report**

FERC seeks to ensure that VRFs 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:

- 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.

**Guideline (2) – Consistency within a Reliability Standard**

FERC expects a rational connection between the sub-Requirement VRF assignments and the main Requirement VRF assignment.

**Guideline (3) – Consistency among Reliability Standards**

FERC expects the assignment of VRFs 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 VRF 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.

## NERC Criteria for Violation Severity Levels

VSLs define the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple “degrees” of noncompliant performance and may have only one, two, or three VSLs.

VSLs should be based on NERC’s overarching criteria shown in the table below:

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 Order of Violation Severity Levels

The FERC VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for each requirement in the standard 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.

**EOP-011-2**

**VRF Justification for EOP-011-2, Requirement R1**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R1**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R2**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R2**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R3**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R3**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R4**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R4**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R5**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R5**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R6**

The VRF did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VSL Justification for EOP-011-2, Requirement R6**

The VSL did not change from the previously FERC approved EOP-011-1 Reliability Standard.

**VRF Justification for EOP-011-2, Requirement R7**

The justification for this new requirement is provided on the following page.

**VSL Justification for EOP-011-2, Requirement R7**

The justification for this new requirement is provided on the following page.

R#	VRF for EOP-011-2, Requirement R7	Justifications
R7	High	1. Generator Owners must develop, maintain and implement cold weather preparedness plans to promote the capability and availability of their generating facilities during cold weather conditions to avoid unnecessary trips, derates or failures to start. 2. FERC Guideline 2 - Consistency within Reliability Standard EOP-011.

VSLs for EOP-011-2, Requirement R7				
	Lower	Moderate	High	Severe
R7	The Generator Owner's cold weather preparedness plan failed to include one of the applicable requirement Parts within Requirement R7.	The Generator Owner developed a cold weather preparedness plan(s) but failed to maintain it. OR The Generator Owner's cold weather preparedness plan failed to include two of the applicable requirement Parts within Requirement R7.	The Generator Owner developed and maintained a cold weather preparedness plan(s) but failed to implement it. OR The Generator Owner's cold weather preparedness plan failed to include three of the applicable requirement Parts within Requirement R7.	The Generator Owner does not have a cold weather preparedness plan. OR The Generator Owner has a cold weather preparedness plan, but failed to include all the applicable requirement Parts within Requirement R7.

VSL Justification for EOP-011-2 Requirement R7	
<p><b>FERC VSL G1</b>            Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>Since R7 is a new requirement, there were no prior levels of non-compliance. R7 includes four levels of non-compliance performance.</p>
<p><b>FERC VSL G2</b>            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>The VSL assignments describe the Generator Owner’s responsibility to develop, maintain and implement a cold weather preparedness plan. Each VSL considers what or how many conditions or Parts of R7 have been met by the Generator Owner related to the cold weather preparedness plan.</p>
<p><b>FERC VSL G3</b>            Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>Failure of the Generator Owner to include certain conditions or Parts of R7 warrant VSLs that are less severe than the Generator Owner failing to develop any type of plan or not including all conditions or Parts of R7.</p>
<p><b>FERC VSL G4</b>            Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>The VSL assignments for R7 will result in a single violation of this requirement that is independent of all other requirements of EOP-011-2 which are related to Operating Plans and not cold weather preparedness plans per R7.</p>



## **IRO-010-4**

### **VRF Justification for IRO-010-4, Requirement R1**

The VRF did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **VSL Justification for IRO-010-4, Requirement R1**

The VSL did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **VRF Justification for IRO-010-4, Requirement R2**

The VRF did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **VSL Justification for IRO-010-4, Requirement R2**

The VSL did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **VRF Justification for IRO-010-4, Requirement R3**

The VRF did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **VSL Justification for IRO-010-4, Requirement R3**

The VSL did not change from the previously FERC approved IRO-010-3 Reliability Standard.

### **TOP-003-5**

#### **VRF Justification for TOP-003-5, Requirement R1**

The VRF did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VSL Justification for TOP-003-5, Requirement R1**

The VSL did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VRF Justification for TOP-003-05 Requirement R2**

The VRF did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VSL Justification for TOP-003-5, Requirement R2**

The VSL did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VRF Justification for TOP-003-5 Requirement R3**

The VRF did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VSL Justification for TOP-003-5, Requirement R3**

The VSL did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VRF Justification for TOP-003-5 Requirement R4**

The VRF did not change from the previously FERC approved TOP-003-4 Reliability Standard.

#### **VSL Justification for TOP-003-5, Requirement R4**

The VSL did not change from the previously FERC approved TOP-003-4 Reliability Standard.