Review of MOD-029-1a—Rated System Path Methodology (Deferred)
http://www.nerc.com/files/MOD-029-1a.pdf

VSLs for Requirement R5:

Standard, Require-ment	Requirement Language	Lower	Moderate	High	Severe	Comments
MOD-029-1a, R5	When calculating ETC for firm Existing Transmission Commitments (ETCF) for a specified period for an ATC Path, the Transmission Service Provider shall use the algorithm below: $ETC_F = NL_F + NITS_F + GF_F + PTP_F + ROR_F + OS_F$ **Where:** NL_F is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 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	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 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	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 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.	For a specified period, the Transmission Service Provider calculated a firm ETC with an absolute value different than that calculated in M7 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.	FERC staff was concerned about the "grace period" of 15% beginning in the Lower VSL. NERC staff notes that the "grace" period is not a grace period, but rather a way to account for calculation variances. Regardless, this percentage comes from M7: "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

	otherwise included in Transmission Reliability Margin or Capacity Benefit Margin. **NITS$_F$** is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin. **GF$_F$** is the firm capacity set aside for grandfathered 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."	25MW, whichever is greater.	value calculated in the measure or 35MW, whichever is greater.			originally calculated value, is evidence that the Transmission Service Provider used the algorithm in R5 to calculate its firm ETC. (R5) Thus, the VSLs are appropriate as written and no change is necessary.

PTP$_F$ is the firm capacity reserved for confirmed Point-to-Point Transmission Service. **ROR$_F$** is the firm capacity reserved for Roll-over rights for 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. **OS$_F$** is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.					

Original Guideline Explanations for R5 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 R6:

Standard, Require-ment	Requirement Language	Lower	Moderate	High	Severe	Comments
MOD-029-1a, R6	When calculating ETC for non-firm Existing Transmission Commitments (ETCNF) for all time horizons for an ATC Path the Transmission Service Provider shall use the following algorithm: $ETC_{NF} = NITS_{NF} + GF_{NF} + PTP_{NF} + OS_{NF}$ **Where:**	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 for the same period, and the absolute value difference was more than 15%	For a specified period, the Transmission Service Provider calculated a non-firm ETC with an absolute value different than that calculated in M8 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 M8 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 M8 for the same period, and the absolute value difference was more than 45% of the value calculated in the measure or 45MW, whichever is	FERC staff was concerned about the "grace period" of 15% beginning in the Lower VSL. NERC staff notes that the "grace period" is not really a grace period, but rather a way to account for calculation variances. Regardless, the percentage comes from M8: "To account

	NITS$_{NF}$ is the non-firm capacity set aside for Network Integration Transmission Service serving Load (i.e., secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin. **GF$_{NF}$** is the non-firm capacity set aside for grandfathered 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." **PTP$_{NF}$** is non-firm capacity reserved for confirmed Point-to-Point Transmission	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.	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.	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.	greater.	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 R6 to calculate its non-firm ETC. (R5)" Thus, the VSLs are appropriate as written and no change is necessary.

	Service. **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 as specified in the ATCID.					

Original Guideline Explanations for R6 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.