## Review of MOD-029-1a—Rated System Path Methodology (Deferred)

http://www.nerc.com/files/MOD-029-1a.pdf

## **VSLs for Requirement R5:**

Standard,	Requirement	Lower	Moderate	High	Severe	Comments
Require-	Language					
ment						
MOD-029-	When calculating ETC	For a specified	For a specified	For a specified	For a specified	FERC staff was
1a, R5	for firm Existing	period, the	period, the	period, the	period, the	concerned about the
	Transmission	Transmission	Transmission	Transmission	Transmission Service	"grace period" of 15%
	Commitments (ETCF)	Service Provider	Service	Service Provider	Provider calculated a	beginning in the
	for a specified period	calculated a firm	Provider	calculated a firm	firm ETC with an	Lower VSL.
	for an ATC Path, the	ETC with an	calculated a	ETC with an	absolute value	
	Transmission Service	absolute value	firm ETC with	absolute value	different than that	NERC staff notes that
	Provider shall use the	different than	an absolute	different than that	calculated in M7 for	the "grace" period is
	algorithm below:	that calculated	value different	calculated in M7	the same period, and	not a grace period,
		in M7 for the	than that	for the same	the absolute value	but rather a way to
	$ETC_F = NL_F + NITS_F +$	same period,	calculated in	period, and the	difference was more	account for
	GF <sub>F</sub> + PTP <sub>F</sub> + ROR <sub>F</sub> +	and the	M7 for the	absolute value	than 45% of the	calculation variances.
	$OS_F$	absolute value	same period,	difference was	value calculated in	Regardless, this
		difference was	and the	more than 35% of	the measure or	percentage comes
	Where:	more than 15%	absolute value	the value	45MW, whichever is greater.	from M7: "To account
		of the value	difference was	calculated in the		for differences that
	<b>NL</b> <sub>F</sub> is the firm	calculated in the	more than 25%	measure or		may occur when
	capacity set aside to	measure or	of the value	35MW, whichever		recalculating the
	serve peak Native	15MW,	calculated in	is greater, but not		value (due to mixing
	Load forecast	whichever is	the measure or	more than 45% of		automated and
	commitments for the	greater, but not	25MW,	the value		manual processes),
	time period being	more than 25%	whichever is	calculated in the		any recalculated value
	calculated, to include	of the value	greater, but	measure or		that is within +/-15%
	losses, and Native	calculated in the	not more than	45MW, whichever		or 15 MW, whichever
	Load growth, not	measure or	35% of the	is greater.		is greater, of the

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

PTP <sub>F</sub> is the firm			
capacity reserved for			
confirmed Point-to-			
Point Transmission			
Service.			
Service.			
<b>ROR</b> <sub>F</sub> 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.			
<b>OS</b> <sub>F</sub> 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 <a href="December 1">December 1</a>, <a href="2010 Filing Addressing MOD VRFs">2010 Filing Addressing MOD VRFs</a> and <a href="VSLs">VSLs</a>:

- 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,	Requirement	Lower	Moderate	High	Severe	Comments
Require-	Language					
ment						
MOD-029-	When calculating ETC	For a specified	For a specified	For a specified	For a specified	FERC staff was
1a, R6	for non-firm Existing	period, the	period, the	period, the	period, the	concerned about the
	Transmission	Transmission	Transmission	Transmission	Transmission Service	"grace period" of 15%
	Commitments	Service Provider	Service	Service Provider	Provider calculated a	beginning in the
	(ETCNF) for all time	calculated a	Provider	calculated a non-	non-firm ETC with an	Lower VSL.
	horizons for an ATC	non-firm ETC	calculated a	firm ETC with an	absolute value	
	Path the	with an absolute	non-firm ETC	absolute value	different than that	NERC staff notes that
	Transmission Service	value different	with an	different than that	calculated in M8 for	the "grace period" is
	Provider shall use the	than that	absolute value	calculated in M8	the same period, and	not really a grace
	following algorithm:	calculated in M8	different than	for the same	the absolute value	period, but rather a
		for the same	that calculated	period, and the	difference was more	way to account for
	$ETC_{NF} = NITS_{NF} + GF_{NF}$	period, and the	in M8 for the	absolute value	than 45% of the	calculation variances.
	+ PTP <sub>NF</sub> + OS <sub>NF</sub>	absolute value	same period,	difference was	value calculated in	Regardless, the
		difference was	and the	more than 35% of	the measure or	percentage comes
	Where:	more than 15%	absolute value	the value	45MW, whichever is	from M8: "To account

NITS <sub>NF</sub> 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 <sub>NF</sub> is the non-firm capacity set aside for grandfathered	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)"
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."					Thus, the VSLs are appropriate as written and no change is necessary.
PTP <sub>NF</sub> is non-firm capacity reserved for confirmed Point-to-Point Transmission					

Service.		
OS <sub>NF</sub> 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 <u>December 1, 2010 Filing Addressing MOD VRFs and VSLs</u>:

- 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.