

Bulk Electric System Definition Project - Fact Sheet

From the Standards Committee

The Standards Committee has approved a multi-phased approach to the Bulk Electric System (BES) Definition Project and is committed to keeping this project on its “High Priority” project list and committed to continuing development work, without pause, with the same Project 2010-17 drafting team, through completion of Phase II. This document provides key facts on this important project.

Project Scope

On November 18, 2010, the Federal Energy Regulatory Commission (FERC) issued Order 743 (subsequently clarified in Order 743-A) and directed NERC to revise the definition of BES so that the definition encompasses all elements and facilities necessary for the reliable operation and planning of the interconnected bulk power system. Additional directives include the retention of the radial exclusion, the elimination of regional discretion which exists in the current definition and the development of a process for identifying any elements or facilities that should be excluded from the BES. The Commission has established a filing deadline of January 25, 2012 for all portions of the project.

NERC is working to address these directives with two activities – the definition of Bulk Electric System (BES) is being revised through the standard development process and a BES Definition Exception Process is being developed as a proposed modification to the Rules of Procedure.

This project includes several work products which have been developed in parallel to meet the January 25th deadline:

- A revised *Bulk Electric System definition* developed by the [Project 2010-17 Definition of Bulk Electric System](#) standards drafting team (SDT) (Project 2010-17 SDT).
- A BES definition *Implementation Plan* also developed by the Project 2010-17 SDT.
- A new *Appendix 5C* to [NERC’s Rules of Procedure](#) that addresses the *process for requesting BES exceptions*, drafted by NERC staff and an industry stakeholder team drawn from BES SDT nominees.
- An application form titled [Detailed Information to Support an Exception Request](#) which identifies potential forms of evidence that can be utilized to support the exception request. This form is referenced in the Rules of Procedure Exception Process and was developed by the Project 2010-17 SDT.

Current Status

The proposed definition of BES and its implementation plan are currently posted for a 45-day concurrent posting (formal comment period and initial ballot) through October 10, 2011, as is the draft application form ([Detailed Information to Support an Exception Request](#)). Entities wanting to participate in the ballot for the definition of BES or the ballot for the application form *must* [join the respective ballot pools](#) by September 26, 2011. The initial ballot will take place from September 30-October 10, 2011.

The definition includes a default threshold of 100 kV augmented by a list of five categories of facilities that are included in the BES and a list of four categories of facilities that are excluded from the BES. In addition, the drafting team has clarified what is meant by 'radial' and drafted a specific exclusion for local networks serving a distribution function. The definition was designed to create a "bright line" definition of facilities to be included as part of the BES that can be consistently applied across North America.

The draft Rules of Procedure Exception Process is posted for comment through October 27, 2011. This is being processed following the NERC procedure for making a change to the Rules of Procedure (described in [Section 1400](#) of the NERC Rules of Procedure).

Standard Development Project Subdivided Into Two Phases

During the initial posting of the draft BES definition for industry comment, the Project 2010-17 SDT received many suggestions that fall outside the narrow scope of the regulatory directives in FERC Order No. 743 (as clarified in Order No. 743-A). The following is a list of the areas of concern already identified by the SDT members and stakeholders through the standard development process:

- 100 kV bright-line voltage threshold
- Thresholds for generation resources
- Reliability benefit of a contiguous BES
- Points of demarcation between transmission, generation, and distribution
- Scope of equipment supporting reliable operation of the BES
- Relationship between BES definition and ERO Statement of Compliance Registry Criteria

The Project 2010-17 SDT and NERC staff believe these suggestions deserve serious consideration and fall within the scope of the current project. The SDT initially thought it could address a number of the above suggestions within a project schedule that would meet the Order No. 743 filing deadline of January 25, 2012. However, upon consideration of policy input and direction received from the Member Representatives Committee and the NERC Board of Trustees, the Project 2010-17 SDT quickly determined that developing an adequate technical justification for these additional revisions to the BES definition was highly unlikely in the time frame established by Order No. 743.

The SDT recognizes its obligation to fully respond to both FERC regulatory directives, address all stakeholder concerns, and produce a fully-supported technical justification for the proposed definition, while meeting regulatory expectations for a timely filing. After consideration of policy direction from the Member Representatives Committee and the NERC Board of Trustees and consultation with NERC staff, the SDT concluded that seeking a time extension at this time is not a viable alternative for three reasons:

- NERC has to demonstrate that it can work effectively, using its standard development process, to address tough reliability issues in a timely manner. A request for an extension may be perceived as a failure of NERC to work with stakeholders to solve complex reliability issues in a timely manner.
- If a request for an extension were requested, FERC is not under any obligation to respond within any specific timeframe, and may not respond before the documents must be submitted; the drafting team has to proceed without delay to meet the January 25, 2012 filing deadline.
- There is not sufficient technical information immediately available to support resolution of the issues raised by stakeholders and identified above. Developing that information will take time. To build a defensible case for adoption for some of the proposals, a significant effort is needed to collect information from stakeholders and then analyze that information and develop specific proposals. A firm technical foundation is essential to the success of any proposal that would change current practice. Before submitting a proposal to approve a new threshold for generator resources, for example, NERC must produce strong evidence that changing the threshold will not adversely impact reliability.

For these reasons, the Project 2010-17 SDT adopted the recommendations of the Member Representatives Committee and the NERC Board of Trustees and developed the following plan of subdividing Project 2010-17 Definition of Bulk Electric System into multiple phases. This establishes the best way to meet the FERC deadline while also giving serious consideration to issues raised by stakeholders. The first phase of this project, which is currently in development, will address the directives established by FERC in Order Nos. 743 and 743-A. The second phase of this project will address concerns raised by SDT members and concerns received from stakeholders through the standard development process. Commenters have been informed that the issues identified above will be fully addressed in the next phase of Project 2010-17 Definition of Bulk Electric System.

The Standards Committee, the Members Representatives Committee and the NERC Board of Trustees recognize the significance of the project and have taken steps to ensure the project's overall success by supporting the partitioning of Project 2010-17 Definition of Bulk Electric System, as described above, into multiple phases as the best way to meet the FERC deadline while also giving serious consideration to issues raised by stakeholders.

Upcoming Webinar

The Rules of Procedure team and the drafting team for Project 2010-17 Definition of Bulk Electric System, will jointly provide a webinar on September 28, 2011 from 1-4 p.m. Eastern to walk through the proposed addition to the Rules of Procedure; the application form proposed to collect evidence to support a request for an exception to the definition of BES; the proposed definition of BES; and the associated implementation plan. Register here for this webinar:

<http://www.nerc.com/page.php?cid=6|83|355>.