BILLING CODE 6717-01-P
DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission

18 CFR Part 40

[Docket Nos. RM19-16-000 and RM19-17-000]

Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards Under the NERC Standards Efficiency Review

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to approve the retirement of 74 Reliability Standard requirements. The North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization, submitted the proposed retirements for Commission approval. The Commission also proposes to remand one requirement submitted for retirement by NERC and seeks additional information from NERC on two requirements submitted for retirement.

DATES: Comments are due **[INSERT DATE 60 days after date of publication in the FEDERAL REGISTER]**.

ADDRESSES: Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through http://www.ferc.gov. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not a scanned format.
- Mail/Hand Delivery: Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

Instructions: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document.

FOR FURTHER INFORMATION CONTACT:

Andres Lopez (Technical Information)
Office of Electric Reliability, Division of Reliability Standards and Security
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-6128

Mark Bennett (Legal Information)
Office of the General Counsel
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-8524

SUPPLEMENTARY INFORMATION:

1. Pursuant to section 215(d)(2) of the Federal Power Act (FPA),[1] the Commission proposes to approve to retire 74 of the 77 Reliability Standard requirements requested for retirement by the North American Electric Reliability Corporation's (NERC).[2] As explained in NERC's two petitions, the 74 requirements we propose to approve: (1) provide little or no reliability benefit; (2) are administrative in nature or relate expressly to commercial or business practices; or (3) are redundant with other Reliability Standards. NERC's justifications for retiring the 74 requirements are largely consistent with the Commission-approved bases for retiring Reliability Standard requirements articulated in prior proceedings.[3] The Commission also proposes to approve the associated violation risk factors, violation severity levels, implementation plan, and effective dates proposed by NERC.

2. The Commission believes that the proposed retirements will further the efficiency of the Reliability Standards program by reducing duplicative or otherwise unnecessary regulatory burden. Further, we agree with NERC that the retirement of the Reliability Standard provisions will benefit overall reliability by allowing registered entities to focus

---

[1] 16 U.S.C. 824o(d)(2).

[2] The proposed retirements will result in the elimination of 10 Reliability Standards and the creation of modified versions of another seven Reliability Standards.

[3] *North American Electric Reliability Corp.*, 138 FERC ¶ 61,193, at P 81 (March 2012 Order), *order on reh'g and clarification,* 139 FERC ¶ 61,168 (2012); *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards,* Order No. 788, 145 FERC ¶ 61,147, at P 1 (2013).

their resources on complying with those Reliability Standard requirements that more effectively promote the reliable operation and planning of the nation's bulk-power system.[4]

3. With respect to other requirements that NERC seeks to retire, the Commission seeks more information regarding NERC's justification for retiring Reliability Standard FAC-008-3, Requirements R7 and R8. As discussed below, NERC's petition avers that the two requirements are redundant of other Reliability Standards, but NERC does not explain how certain elements of these requirements are redundant. The Commission's final determination on the retirement of these two requirements will be based on the comments received from NERC and others.

4. In addition, pursuant to section 215(d)(4) of the FPA, the Commission proposes to remand Reliability Standard VAR-001-6.[5] The new version of the Reliability Standard would eliminate Requirement R2 from currently-effective Reliability Standard VAR-001-5, which requires transmission operators to schedule sufficient reactive resources to regulate voltage levels under normal and contingency conditions. As discussed below, we disagree with NERC's justification for retirement that Requirement R2 is redundant or not necessary for reliability. Accordingly, we propose to remand Reliability Standard VAR-001-6 in order to retain this requirement.

I. Background

[4] *See* NERC, Docket No. RM19-17-000, Petition at 7.

[5] 16 U.S.C. 824o(d)(4).

A. Section 215 of the FPA

5. Section 215 of the FPA requires the Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval. Once approved, the Reliability Standards may be enforced in the United States by the ERO subject to Commission oversight, or by the Commission independently.[6] Pursuant to the requirements of FPA section 215, the Commission established a process to select and certify an ERO[7] and, subsequently, certified NERC as the ERO.[8]

[6] *Id.* 824o(e)(3).

[7] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104, *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006).

[8] *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

B. Prior Retirements of Reliability Standard Requirements

6. In the March 2012 Order, the Commission observed that NERC's compliance program could be made more efficient by removing existing requirements deemed unnecessary for reliability.[9] The Commission explained that if NERC believes certain Reliability Standards or requirements should be revised or removed, "we invite NERC to make specific proposals to the Commission identifying the Standards or requirements and setting forth in detail the technical basis for its belief."[10] Further, the Commission encouraged NERC "to propose appropriate mechanisms to identify and remove from the Commission-approved Reliability Standards unnecessary or redundant requirements."[11]

7. In response, in February 2013, NERC proposed to retire 34 requirements within 19 Reliability Standards based on the justification that the requirements "are redundant or otherwise unnecessary" and that "violations of these requirements . . . pose a lesser risk to the reliability of the Bulk-Power System."[12] NERC explained that the proposed retirements were based upon three major criteria: (1) whether a proposed retirement would create a reliability gap; (2) whether the requirement in question is administrative; involves data collection, retention, documentation, periodic updates or reporting; is a commercial or business practice; or is redundant; and (3) consideration of responses to seven questions regarding the proposed retirement, including whether the requirement

---

[9] March 2012 Order, 138 FERC ¶ 61,193 at P 81.

[10] *Id*.

[11] *Id*.

[12] NERC, Petition, Docket No. RM13-8-000, at 2 (filed Feb. 28, 2013).

was part of a "find, fix and track" filing, the requirement's violation risk factor level, and whether the requirement is part of on-going standards development project.[13]

8. On November 21, 2013, the Commission approved the retirements that NERC proposed, and determined that the retirements "meet the benchmarks" set forth in the March 2012 Order that "requirements proposed for retirement either: (1) provide little protection for Bulk-Power System reliability; or (2) are redundant with other aspects of the Reliability Standards."[14]

C. NERC Petitions

1. NERC Standards Efficiency Review Project

9. NERC states that the proposed retirements are the product of its Standards Efficiency Review (SER) Project. NERC explains that the SER Project began in 2017 "to achieve [NERC's] long-term strategic goal of establishing risk-based controls to minimize [Bulk-Power System] reliability risk while also driving operational efficiencies and effectiveness."[15] NERC states that in Phase 1 of the SER Project, teams of industry experts conducted a risk-based analysis of non-CIP Reliability Standards.[16] The purpose

[13] *Id.* at 4.

[14] *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013).

[15] Docket No. RM19-16-000 Petition at 3; Docket No. RM19-17-000 Petition at 4.

[16] NERC states that Phase 2 of the SER Project will "consider recommendations for Reliability Standard revisions that would further improve the efficiency of the body of NERC Reliability Standards, such as through consolidation of Reliability Standard requirements . . . [and will] consider recommendations for standards-based improvements that would further reduce inefficiencies and promote effectiveness." Docket No. RM19-16-000 Petition at 6-7; Docket No. RM19-17-000 Petition at 7.

of this review, according to NERC, was "to identify Reliability Standard requirements that provide little or no benefit to reliability and should be retired."[17] NERC maintains that, unlike the periodic reviews[18] of Reliability Standards performed by NERC pursuant to the NERC Rules of Procedure, the SER Project involved "exploring the relationships between the different Reliability Standards in a deeper way than would be feasible during a targeted periodic review . . . [and] allowed NERC to identify requirements that are not necessary for reliability or that are redundant to other requirements."[19]

10. NERC contends that the SER Project "was conducted in an open and transparent manner, with broad industry participation."[20] NERC states that it initiated the standards development process to consider the retirement recommendations generated by the SER Project.

2. IRO, TOP and VAR Petition (Docket No. RM19-16-000)

11. On June 7, 2019, in Docket No. RM19-16-000, NERC submitted for Commission approval new versions of three Reliability Standards: IRO-002-7 (Reliability Coordination—Monitoring and Analysis), TOP-001-5 (Transmission Operations), and

[17] Docket No. RM19-16-000 Petition at 5; Docket No. RM19-17-000 Petition at 6.

[18] The NERC Rules of Procedure require a periodic review of each Reliability Standard; and they provide for a five-year cyclical review of Reliability Standards approved by the American National Standards Institute (ANSI) and ten-year cyclical review for Reliability Standards not approved by ANSI. *See* NERC Rules of Procedure, Section 317 and Appendix 3A (Standards Process Manual), section 13.0.

[19] Docket No. RM19-16-000 Petition at 5; Docket No. RM19-17-000 Petition at 6.

[20] Docket No. RM19-16-000 Petition at 5-6; Docket No. RM19-17-000 Petition at 7.

VAR-001-6 (Voltage and Reactive Control). NERC explains that approval of the new versions would result in the retirement of four requirements from the currently-effective versions of the Reliability Standards.[21] Three of the existing requirements in Reliability Standards IRO-002 and TOP-001 require the reliability coordinator, transmission operator, and balancing authority to have data exchange capabilities with entities having data needed to perform operational planning analyses and to develop operating plans for next-day operations. The fourth requirement, in Reliability Standard VAR-001, requires the transmission operator to schedule the reactive resources needed to regulate voltage levels under normal and contingency conditions. NERC contends that these four requirements are redundant and not necessary "because the performance required by these requirements is inherent to the performance of other Reliability Standard requirements."[22]

12. In particular, NERC maintains that the data exchange capability requirement in Reliability Standard IRO-002-5, Requirement R1 is covered by Reliability Standard IRO-008-2, Requirement R1, which obligates the reliability coordinator to perform operational planning analyses to assess whether the planned operations for the next-day will exceed System Operating Limits and Interconnection Reliability Operating

[21] The proposed revised versions of the IRO, TOP and VAR Reliability Standards are not attached to the NOPR. The complete text of the Reliability Standards is available on the Commission's eLibrary document retrieval system in Docket No. RM19-16-000 and is posted on the ERO's website, http://www.nerc.com.

[22] NERC IRO, TOP and VAR Petition at 7.

Limits within its Wide Area. NERC asserts that "to perform the required operational planning analyses, the Reliability Coordinator must have the data it deems necessary from those entities that possess it."[23]

13. Additionally, regarding data exchange, NERC cites Reliability Standard IRO-010-2 (Reliability Coordinator Data Specification and Collection) and its stated purpose of preventing instability, uncontrolled separation, or cascading outages "by ensuring the Reliability Coordinator has the data it needs to monitor and assess the operation of its Reliability Coordinator Area."[24] NERC states that under Reliability Standard IRO-010-2, Requirements R1, R2 and R3, the reliability coordinator must specify the data necessary for it to perform its operational planning analyses and provide the specifications to the entities from which it needs data who then must comply with the data request using a mutually agreeable format and security protocols.

14. NERC observes that the performance of the requirements it cites is premised on the existence of data exchange capabilities, "regardless of whether a separate requirement expressly requires the Reliability Coordinator to have data exchange capabilities in place."[25] NERC asserts that Reliability Standard IRO-002-5, Requirement R1 provides

[23] *Id*. at 14-15.

[24] *Id*. at 15.

[25] *Id*.

no additional reliability benefit and "is therefore unnecessary and redundant and should be retired."[26]

15. NERC likewise states that Requirements R19 and R22 of Reliability Standard TOP-001-4 merely require transmission operators and balancing authorities respectively to have data exchange capabilities with entities from which they need data to perform operational planning analyses (transmission operators) and next-day Operating Plans (balancing authorities). NERC maintains, however, that Reliability Standard TOP-002-4 Requirement R1, requires a transmission operator to perform an operational planning analyses to determine whether next-day operations within its area will exceed System Operating Limits. Also, NERC states that Requirement R4 requires each balancing authority to have a next-day Operating Plan addressing expected generation resource commitment and dispatch, Interchange scheduling and related matters. NERC asserts that to satisfy these requirements, "each Transmission Operator and Balancing Authority must have the data it deems necessary from those entities that possess it."[27]

16. NERC also cites to Reliability Standard TOP-003-3 (Operational Reliability Data) whose purpose is "to ensure that the Transmission Operator and Balancing Authority have data needed to fulfill their operational and planning responsibilities." NERC contends that the requirements in Reliability Standard TOP-003-3 largely mirror the requirements in Reliability Standard IRO-010-2 discussed above, and thus, as with

---

[26] *Id*.

[27] *Id*. at 16.

Reliability Standard IRO-010-2, transmission operators and balancing authorities must have data exchange capabilities with its reporting entities to satisfy the requirements of Reliability TOP-003-3. Therefore, NERC contends that Reliability Standards TOP-001-4, Requirements R19 and R22 are unnecessary and redundant and should be retired.

17. With respect to proposed Reliability Standard VAR-001-6, NERC maintains that the revised version retires existing requirement R2, which requires each transmission operator to schedule "sufficient reactive resources to regulate voltage levels under normal and Contingency conditions." NERC contends that the reliability need for sufficient reactive resources is adequately addressed by existing requirements in several other Reliability Standards and, therefore, is unnecessary. In particular, NERC states that Reliability Standards TOP-001-4, Requirement R10 and TOP-002-4, Requirement R1, require transmission operators to determine System Operating Limits and perform an operational planning analyses to assess whether planned next-day operations will exceed those limits and plan for addressing them. NERC explains that Reliability Standard TOP-001-4 requires each transmission operator to perform Real-time Assessments every 30 minutes to identify possible System Operating Limit exceedances and initiate its Operating Plan to mitigate them. NERC states that "Operating Plans address the use of reactive resources if needed to operate within System Operating Limits, as well as any other adjustments that may be needed."[28]

[28] *Id*. at 20.

18. NERC observes that each transmission operator uses multiple tools to regulate voltage levels, including reactive control and Real-time Contingency Analysis, that "allow the Transmission Operator to quantify the use of reactive resources. As such, a separate requirement specifying that the Transmission Operator must schedule 'sufficient' reactive resources for normal and Contingency conditions is redundant and unnecessary for reliability."[29] Additionally, NERC states that each planning authority and transmission planner must assess a broad range of conditions and probable contingencies, including available reactive resources, under system studies required under Reliability Standard TPL-001-4, and develop a Corrective Action Plan[30] to address reactive resource shortfalls, if needed. NERC concludes that given this "comprehensive and interdependent framework addressing System voltage needs in the operations and planning horizons . . . there is no need to have a distinct requirement expressly requiring the Transmission Operator to 'schedule' sufficient resources."[31]

19. NERC requests that the Commission approve the implementation plan, attached to NERC's petition as Exhibit B, and the associated violation risk factors and violation severity levels described in Exhibit D. The implementation plan provides that proposed Reliability Standards IRO-002-7, TOP-001-5, and VAR-001-6 would become effective

[29] *Id*. at 20-21.

[30] NERC defines Corrective Action Plan as "A list of actions and an associated time table for implementation to remedy a specific problem." Glossary of Terms Used in NERC Reliability Standards (August 12, 2019).

[31] *Id*. at 21.

on the first day of the first calendar quarter that is three months after regulatory approval. The currently-effective versions of the Reliability Standards would be retired immediately prior to the effective date of the revised Reliability Standards. NERC explains that the requested timeline accounts for the time entities will need to update their systems and related documentation.

3. FAC, INT, MOD and PRC Petition (Docket No. RM19-17-000)

20. On June 7, 2019, in Docket No. RM19-17-000, NERC submitted for Commission approval the proposed retirement of ten currently-effective Reliability Standards in their entirety without replacement.[32] Additionally, NERC's petition includes four proposed revised Reliability Standards reflecting the retirement of certain requirements from the currently-effective versions that NERC asserts are not needed for reliability: FAC-008-4 (Facility Ratings), INT-006-5 (Evaluation of Interchange Transactions), INT-009-3 (Implementation of Interchange) and PRC-004-6 (Protection System Misoperation Identification and Correction).[33] NERC asserts that its proposals would not adversely

[32] Reliability Standards FAC-013-2 (Assessment of Transfer Capability for the Near-term Transmission Planning Horizon), INT-004-3.1 (Dynamic Transfers), INT-010-2.1 (Interchange Initiation and Modification for Reliability), MOD-001-1a (Available Transmission System Capability), MOD-004-1 (Capacity Benefit Margin), MOD-008-1 (Transmission Reliability Margin Calculation Methodology), MOD-020-0 (Providing Interruptible Demands and Direct Control Load Management Data to System Operations and Reliability Coordinators), MOD-028-2 (Area Interchange Methodology), MOD-029-2a (Rated System Path Methodology), and MOD-030-3 (Flowgate Methodology).

[33] The proposed revised versions of the FAC, INT and PRC Reliability Standards are not attached to the NOPR. The complete text of the Reliability Standards is available on the Commission's eLibrary document retrieval system in Docket No. RM19-17-000

impact reliability, but rather they "would benefit reliability by allowing entities to focus their resources on those Reliability Standard requirements that promote the reliable operation and planning of the BPS [Bulk-Power System] and avoid unnecessary regulatory burden."[34]

21. NERC contends that the full FAC, INT, MOD and PRC Reliability Standards proposed for retirement are not necessary and that removing them would not adversely affect reliability.[35] NERC states that retirement of the ten full Reliability Standards is justified because they are primarily administrative in nature or largely related to commercial or business practices, and therefore no longer serve a reliability purpose.[36] For example, NERC states that the transfer capability assessment required under Reliability Standard FAC-013-2 "serves only a market function" and "is not an indicator of [bulk electric system] reliability."[37] In supporting its conclusion that Reliability Standard INT-010-2.1 primarily relates to commercial and business practices, NERC notes that in 2013 the NERC Independent Experts Review Panel recommended retiring

---

and is posted on the ERO's website, http://www.nerc.com.

[34] Docket No. RM19-17-000 Petition at 7.

[35] The MOD A Reliability Standards proposed for retirement (MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-2a and MOD-030-3) are expected to be replaced by equivalent North American Energy Standards Board (NAESB) business practice standards. The Commission intends to coordinate the effective dates of the retirement of the MOD A Reliability Standards with the successor NAESB business practice standards.

[36] *Id*. at 13-24.

[37] *Id*. at 13.

the previous version of the Reliability Standard "due to overlap with the NAESB Electronic Tagging Functional Specification."[38]

22. Similarly, regarding the MOD Reliability Standards, NERC states that "[Available Transfer Capability] and [Available Flowgate Methodology], as well as e-Tags, are commercially-focused elements facilitating interchange and balancing of interchange," and that system operators maintain reliability by monitoring Real-time flows based on System Operating Limits and Interconnection Reliability Operating Limits.[39] In particular, NERC explains that information on Interruptible Demands and Direct Control Load Management required under Reliability Standard MOD-020-0 is not useful for transmission operators and reliability coordinators, "who must plan and operate the [Bulk-Power System] within System Operating Limits and Interconnection Reliability Operating Limits under the TOP and IRO Reliability Standards."[40]

23. Regarding NERC's proposed revised Reliability Standards, NERC states that the data provision obligations of currently-effective Reliability Standard FAC-008-3, Requirements R7 and R8 are redundant with Reliability Standards MOD-032-1, IRO-010-2 and TOP-003-3. NERC asserts that Requirements R3.1, R4 and R5 of currently-effective Reliability Standard INT-006-4 "provide little, if any, benefit or

[38] *Id*. at 16-19.

[39] *Id*. at 21.

[40] *Id*. at 23.

protection to the reliability operation of the [Bulk-Power System]"[41] and that the substance of Requirements R4 and R5 in particular relate to commercial or business practices and are better addressed through the balancing authority's e-Tag Authority Service.[42] Also, NERC states that Requirement R1 of currently-effective Reliability Standard INT-009-2.1 is being revised to remove the reference to Reliability Standard INT-010, which is also proposed for retirement, and Requirement R2 is redundant with Reliability Standard BAL-005-1, Requirement R7.[43] Finally, NERC states that it has determined that rather than the "specific, recurring and inflexible timeframe" set forth in Requirement R4 of currently-effective Reliability Standard PRC-004-5 for identifying the cause of a protection system misoperation, "it would be more effective to have entities investigate the causes of misoperations according to their own internal control policies and procedures."[44]

24. NERC requests that the Commission approve the implementation plan, attached to NERC's petition as Exhibit B, and the associated violation risk factors and violation severity levels, attached to NERC's petition as Exhibit D, which are generally unchanged from the currently-effective versions. For the Reliability Standards retired in their entirety, NERC proposes an effective date that is immediately upon regulatory approval

[41] *Id*. at 29.

[42] *Id*. at 29-31.

[43] *Id*. at 31-32.

[44] *Id*. at 34.

of the retirement. NERC also seeks to retire the currently-effective Reliability Standards FAC-008-3, INT-006-4, INT-009-2.1, and PRC-004-5(i) immediately prior to the effective date of their new versions.

II. Discussion

25. Pursuant to section 215(d)(2) of the FPA, the Commission proposes to approve NERC's request to retire 74 Reliability Standard requirements as just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC's petitions provide an adequate basis to conclude that the requirements proposed for retirement: (1) provide little or no reliability benefit; (2) are administrative in nature or relate expressly to commercial or business practices; or (3) are redundant with other Reliability Standards. NERC's justifications for retiring the 74 requirements are largely consistent with the retirement standard set forth by the Commission in Order No. 788 and with the determination that "requirements proposed for retirement can be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program."[45]

26. The proposal above does not include NERC's request to retire Reliability Standard FAC-008-3, Requirements R7 and R8 and Reliability Standard VAR-001-5, Requirement R2. While NERC asserts that Reliability Standards MOD-032-1, IRO-010-2 and TOP-003-3 provide a basis for retiring Reliability Standard FAC-008-3, Requirements R7 and R8, we seek additional information on these proposed retirements because this

[45] Order No. 788, 145 FERC ¶ 61,147 at P 1.

rationale does not address elements of Requirements R7 and R8 that do not appear to be redundant.

27. In addition, we disagree with NERC's assertion that Reliability Standard VAR-001-5, Requirement R2 is redundant or not necessary for reliability because we construe the requirement as essential to accomplish the purpose of the Reliability Standard. Accordingly, pursuant to section 215(d)(4) of the FPA, we propose to remand Reliability Standard VAR-001-6 in order to retain Requirement R2 in currently-effective Reliability Standard VAR-001-5.

28. Below, we discuss the following issues: (A) proposed retirement of Reliability Standard FAC-008-3, Requirements R7 and R8; and (B) proposed retirement of Reliability Standard VAR-001-5, Requirement R2.

A. Proposed Retirement of Reliability Standard FAC-008-3, Requirements R7 and R8

NERC Petition

29. Reliability Standard FAC-008-3, Requirements R7 and R8 require generator owners and transmission owners, respectively, to provide facility ratings and related information to requesting reliability coordinators, planning coordinators, transmission planners, transmission owners and transmission operators. NERC asserts that requirements in Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 render the data provision obligations of Requirements R7 and R8 in Reliability Standard FAC-008-3 redundant and therefore unnecessary for reliability.

30. To support its redundancy claim, NERC explains that under Reliability Standard MOD-032-1, generator owners and transmission owners must provide information on power capabilities and facility ratings (Requirement R2) to enable planning coordinators and transmission planners to "jointly develop steady-state, dynamics, and short circuit modeling data requirements and reporting procedures for the Planning Coordinator's planning area" (Requirement R1). NERC further explains that under Reliability Standard IRO-010-2, reliability coordinators must maintain "a documented specification for the data necessary to perform its Operational Planning Analyses, Real-time monitoring, and Real-time Assessments. This data necessarily includes Facility Ratings as inputs to System Operating Limit monitoring."[46] NERC notes that under Requirement R3, the transmission owner and generator owner must provide such data. Finally, NERC points out that under Reliability Standard TOP-003-3, the transmission operator must maintain data specifications (Requirement R1) and the transmission owner and generation owner must provide the requested data (Requirement R5). Relying on this framework of data specification and provision, NERC concludes that Reliability Standard FAC-008-3, Requirements R7 and R8 "are now redundant to other more robust Reliability Standards and are no longer needed for reliability."[47]

Discussion

[46] *Id*. at 28.

[47] *Id*.

31. We agree with NERC that the cited requirements in Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 provide a basis for retiring certain elements of Reliability Standard FAC-008-3, Requirements R7 and R8. However, NERC's petition does not address other elements of Requirements R7 and R8 that do not appear to be redundant. In particular, Requirements R7 and R8 of the currently-effective Reliability Standard require generator owners and transmission owners, respectively, to provide facility ratings to several functional entity types, including transmission owners. While NERC is correct that the three Reliability Standards it cites collectively require generator owners and transmission owners to provide facility ratings to reliability coordinators, planning coordinators, transmission planners, and transmission operators, these three Reliability Standards do not require the provision of facility ratings to transmission owners. Therefore, it appears that, if approved, the retirement of Requirements R7 and R8 would eliminate the mandatory exchange of facility rating-related information with transmission owners. This could, in turn, impact reliability since these requirements ensure that all transmission owners have accurate facility-related information in the models that they use to plan and operate the bulk electric system.

32. Separately, Reliability Standards MOD-032-1, IRO-010-2, and TOP-003-3 do not address sub-requirement R8.1.2 of Reliability Standard FAC-008-3, relating to the identity of the next most limiting equipment of a requested facility. Further, these Reliability Standards also do not account for sub-requirement R8.2, which requires the identification and thermal rating of the existing next most limiting equipment of facilities with a thermal rating that limits the use of that facility by causing either an

Interconnection Reliability Operating Limit, a limitation of Total Transfer Capability, an impediment to generator deliverability, or an impediment to service to a major load center as specified in FAC-008-3 (Requirement R8.2).[48]

33. Considering the foregoing, while there is some overlap, Reliability Standard FAC-008-3, Requirements R7 and R8 do not appear to be entirely redundant of the other Reliability Standards cited by NERC. The retirement of these requirements would, therefore, result in the gaps described above. These non-redundant elements of Requirements R7 and R8 are not addressed in the petition. Accordingly, the Commission seeks more information from NERC and others regarding how the elements of Reliability Standards MOD-032-1, IRO-010-2 and TOP-003-3 discussed above render Reliability Standard FAC-008-3, Requirements R7 and R8 redundant. The Commission's final determination on the retirement of these two requirements will be based on the comments received from NERC and others.

B. Proposed Retirement of Reliability Standard VAR-001-5, Requirement R2

NERC Petition

34. Reliability Standard VAR-001-5, Requirement R2 requires each transmission operator to schedule "sufficient reactive resources to regulate voltage levels under normal and Contingency conditions." NERC maintains that the reliability need for sufficient

[48] This requirement was developed in response to Order No. 693. *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218, at P 756, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007); s*ee also* NERC, Petition, Docket No. RD11-10-000, at 11-13, 20-21 (filed Jun. 15, 2011).

reactive resources is adequately addressed by existing requirements in several other Reliability Standards and, therefore, is unnecessary and should be retired.

35. In particular, NERC relies on Reliability Standard TOP-001-4, Requirement R10 and Reliability Standard TOP-002-4, Requirement R1, that require transmission operators to determine System Operating Limits and perform an OPA to assess whether planned next-day operations will exceed those limits and plan for addressing them. Reliability Standard TOP-001-4 requires each transmission operator to perform Real-time Assessments every 30 minutes to identify possible System Operating Limit exceedances and initiate its Operating Plan to mitigate them. NERC states that "Operating Plans address the use of reactive resources if needed to operate within System Operating Limits, as well as any other adjustments that may be needed."[49]

36. NERC explains that each transmission operator uses multiple tools to regulate voltage levels, including reactive control and Real-time Contingency Analysis. NERC maintains that "[t]hese actions allow the Transmission Operator to quantify the use of reactive resources. As such, a separate requirement specifying that the Transmission Operator must schedule 'sufficient' reactive resources for normal and Contingency conditions is redundant and unnecessary for reliability."[50] Additionally, NERC states that each planning authority and transmission planner must assess a broad range of conditions and probable contingencies, including available reactive resources, under

[49] Docket No. RM19-16-000 Petition at 20.

[50] *Id.* at 20-21.

System studies required under Reliability Standard TPL-001-4, and it must develop a corrective action plan to address reactive resource shortfalls, if needed.[51]

37. NERC concludes that given this "comprehensive and interdependent framework addressing System voltage needs in the operations and planning horizons . . . there is no need to have a distinct requirement expressly requiring the Transmission Operator to 'schedule' sufficient resources."[52] NERC also states "that the second sentence of Requirement R2 constitutes guidance or a measure which does not warrant a mandatory requirement provision."[53]

[51] *Id*. at 21.

[52] *Id*.

[53] The second sentence of Requirements R2 states, "Transmission Operators can provide sufficient reactive resources through various means including, but not limited to, reactive generation scheduling, transmission line and reactive resource switching, and using controllable load."

Discussion

38. NERC contends that Reliability Standards TOP-001-4 and TOP-002-4 require, among other things, transmission operators to perform an operational planning analyses and determine System Operating Limits to assess whether planned next-day operations will exceed those limits and develop a plan to address those potential exceedances. However, the proposed retirement of Reliability Standard VAR-001-5, Requirement R2 assumes that, even in the absence of a specific requirement, if the transmission operator identifies potential System Operating Limit exceedances based on this analysis, the transmission operator will develop and implement an Operating Plan to mitigate the potential exceedances. We determine that relying on such an assumption may negatively impact reliability given the significant role that scheduling adequate reactive resources plays in the overall operation of Reliability Standard VAR-001-5. We also determine that retiring Requirement R2 is contrary to the stated purpose of Reliability Standard VAR-001-5, which is to "ensure that voltage levels, reactive flows and reactive resources are monitored, controlled and maintained within limits in Real-time to protect equipment and the reliable operation of the Interconnection." Accordingly, we propose to remand proposed Reliability Standard VAR-001-6 in order to retain Requirement R2 because it is the only requirement that explicitly requires transmission operators to schedule reactive resources.[54]

[54] When seeking approval of Reliability Standard VAR-001-4, NERC addressed the significance of Requirement R2, stating that "the primary factor in maintaining voltage stability is having the appropriate amount of Reactive Power on the system.

39. While Reliability Standards TOP-001-4 and TOP-002-4 address situations involving the possible need to schedule reactive resources, they are not adequate substitutes for the explicit obligation in Requirement R2 of Reliability Standard VAR-001-5 requiring transmission operators to schedule enough reactive resources to regulate voltage levels under all system conditions. Reliability Standard TOP-001-4, Requirement R10 only requires the transmission operator to monitor facilities within its area (Requirement R10.1); to monitor the status of Remedial Action Schemes within its area (Requirement R10.2), to monitor non-bulk electric system facilities within its area (Requirement R10.3); to obtain and use status, voltages, and flow data for facilities outside its area (Requirement R10.4); to obtain and use the status of Remedial Action Schemes outside its area (Requirement R10.5); and to obtain and use status, voltages, and flow data for non-bulk electric system facilities outside its area (Requirement R10.6). Therefore, we determine that a plain reading of the relevant requirements cited by NERC in its petition indicates that the action of scheduling any type of resources is not required outside of Reliability Standard VAR-001-5, Requirement R2.

Proposed Requirement R2 helps ensure that sufficient reactive resources are online and scheduled in Real-time." NERC, Petition, Docket No. RD14-11-000, at 20 (filed June 9, 2014). When NERC conducted a periodic review of Reliability Standard VAR-001-4.1 in 2017, periodic review team found that the Reliability Standard met its objective and therefore no revisions were necessary. NERC, Periodic Review Recommendations: VAR-001-4.1—Voltage and Reactive Control (May 19, 2017). Further, the periodic review team determined that no requirements satisfied the criteria for retirement. *Id.* at 4.

40. Additionally, Reliability Standards TOP-001-4 and TOP-002-4 do not require the transmission operator to implement mitigation plans: instead, the transmission operator need only analyze and develop a plan to address a potential System Operating Limit.

41. Accordingly, we disagree with NERC's assertion that Reliability Standard VAR-001-5, Requirement R2 is duplicative of other existing Reliability Standard requirements, and we believe that eliminating Requirement R2 will create an unacceptable risk that voltage, reactive flows, and reactive resources will not be controlled and maintained within System Operating Limits. Therefore, pursuant to section 215(d)(4) of the FPA, we propose to remand proposed Reliability Standard VAR-001-6 in order to retain Requirement R2 of currently-effective Reliability Standard VAR-001-5.

III. Information Collection Statement

42. The information collection requirements contained in this Proposed Rule are subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.[55] OMB's regulations require approval of certain information collection requirements imposed by agency rules.[56] Upon approval of a collection of information, OMB will assign an OMB control number and expiration date. Respondents subject to the filing requirements of this rule will not be penalized for failing to respond to these collections of information unless the collections of information

[55] 44 U.S.C. 3507(d).

[56] 5 CFR 1320.

display a valid OMB control number. The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

43. The Commission estimates that the proposed rule, which would retire 74 requirements of Reliability Standards without adding any new obligations on registered entities, would result in a total reduction in burden for industry of 151,340.2 hours. The Commission based the burden reduction estimates on staff experience, knowledge, and expertise.

Proposed Reductions Due to NOPR in Docket Nos. RM19-16 & RM19-17					
Reliability Standard & Requirement	**Type[57] and Number of Entity** (1)	**Number of Annual Responses Per Entity** (2)	**Total Number of Responses (1)*(2)=(3)**	**Average Number of Burden Hours per Response (4)**	**Total Burden Hours (3)*(4)=(5)**
FERC-725A					
FAC-013-2	RC (12)	8.33	100	26.67	2,667
INT-006-4 R3.1, R4, R5, R5.1, R5.2, R5.3, R5.4, R5.5	BA/TSP (171)	1	171	56.3	9,627

[57] RC=Reliability Coordinator; BA=Balancing Authority; TSP=Transmission Service Provider; TOP=Transmission Operator; TO=Transmission Owner; GO=Generator Owner; DP=Distribution Provider; TP=Transmission Provider; and RP=Resource Planner

INT-004-3.1	BA (99)	1	99	56.3	5,574
INT-010-2.1	BA(99)	1	99	56.3	5,574
INT-009-2.1 R2	BA (99)	1	99	56.3	5,574
MOD-001-1a	TOP/TSP (240)	2	480	55.3	26,544
MOD-004-1	TOP (168)	1	168	48.9	8,215.2
MOD-008-1	TOP (168)	1	168	48.9	8,215.2
MOD-028-2	TOP/TSP (240)	1	240	48.9	11,736
MOD-020-0	TP/RP/DP/BA (780)	1	780	14.4	11,232
MOD-029-2a	TOP/TSP/TP/ BA (533)	1	533	49.8	26,543
MOD-030-3	TOP/TSP/TP/ BA (533)	1	533	49.8	26,543
Sub-Total for FERC-725A	**3,142**		**3,470**		**148,044.4**
FERC-725A(1C)					
TOP-001-4 R19 & R22	BA/TO/GO/DP (1,696)	.25	422	0.8	337.6
Sub-Total for FERC-725A(1C)	**1,696**		**422**		**337.6**
FERC-725G1					
PRC-004-5(i) R4	TO/GO/DP (1,597)	.41	659	4.36	2,874.6
Sub-Total for FERC-725G1	**1,597**		**659**		**2,874.6**
FERC-725Z					
IRO-002-6 R1	RC (12)	1.17	14	5.97	83.6
Sub-Total for FERC-725Z	**12**		**14**		**83.6**
Total Reductions Due to NOPR in RM19-16 &			**4,565**		**151,340.2**

RM19-17					

Titles: FERC-725A, Mandatory Reliability Standards for the Bulk Power System; FERC-725A(1C), Mandatory Reliability Standards for Bulk-Power System: Reliability Standard TOP-001-4; FERC-725G1, Mandatory Reliability Standards for the Bulk-Power System: Reliability Standard PRC-004-5(i); FERC-725Z, Mandatory Reliability Standards: IRO Reliability Standards.

Action: Proposed Reductions to Existing Collections of Information FERC-725A, FERC-725A(1C), and FERC-725Z; and Proposed Elimination of Collections of Information, and FERC-725G1.

OMB Control Nos: 1902-0244 (FERC-725A); 1902-0298 (FERC-725A(1C));1902-0284 (FERC-725G1); and 1902-0276 (FERC-725Z)

Respondents: Business or other for profit, and not for profit institutions.

Frequency of Responses: On occasion (and proposed for deletion).

44. Necessity of the Information: This proceeding proposes to approve the retirement of ten Reliability Standards in their entirety and five revised Reliability Standards, reflecting a total of 74 retired requirements identified by NERC. The proposed retirements either: (1) provide little or no reliability benefit; (2) are administrative in nature or relate expressly to commercial or business practices; or (3) are redundant with other Reliability Standards.

45. Internal review: The Commission has reviewed NERC's proposal and determined that its action is necessary to implement section 215 of the FPA. The Commission has assured itself, by means of its internal review, that there is specific, objective support for

the burden reduction estimates associated with the information requirements proposed for retirement.

46. Interested persons may obtain information on the reporting requirements by contacting the Federal Energy Regulatory Commission, Office of the Executive Director, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, e-mail: DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].

47. Comments concerning the information collections and requirements proposed for retirement in this NOPR and the associated burden estimates, should be sent to the Commission in this docket and may also be sent to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by e-mail to OMB at the following e-mail address: oira_submission@omb.eop.gov. Please refer to the appropriate OMB Control Number(s) and Docket Nos. RM19-16-000 and RM19-17-000 in your submission.

IV. Regulatory Flexibility Act Certification

48. The Regulatory Flexibility Act of 1980 (RFA)[58] generally requires a description and analysis of rulemakings that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's

[58] 5 U.S.C. 601-612.

Office of Size Standards develops the numerical definition of a small business.[59] The Small Business Administration has established size standards, for the types of affected entities (noted in the table above), that range from a maximum of 250-1,000 employees for an entity and its affiliates to be considered small.

49. The Commission seeks comment on the proposed reduction of burden and cost on small business entities. The Commission estimates the total industry reduction in burden for all entities (large and small) to be 151,340.2 hours (or approximately 33 hours (rounded) per response). The Commission believes that this proposal will reduce burden and cost for all affected entities.

50. Based on the information above, the Commission certifies that the proposed reductions will not have a significant impact on a substantial number of small entities. Accordingly, no initial regulatory flexibility analysis is required.

V. Environmental Analysis

51. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[60] The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do

---

[59] 13 CFR 121.101.

[60] *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

not substantially change the effect of the regulations being amended.[61] The actions proposed here fall within this categorical exclusion in the Commission's regulations.

VI. Comment Procedures

52. The Commission invites interested persons to submit comments on the matters and issues proposed in this document to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due [**INSERT DATE 60 days after date of publication in the FEDERAL REGISTER**]. Comments must refer to Docket Nos. RM19-16-000 and RM19-17-000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

53. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at http://www.ferc.gov. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

54. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

[61] 18 CFR 380.4(a)(2)(ii).

55. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

VII. Document Availability

56. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (http://www.ferc.gov) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington, DC 20426.

57. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

58. User assistance is available for eLibrary and the Commission's website during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at public.referenceroom@ferc.gov.

By direction of the Commission.

Issued: January 23, 2020

Kimberly D. Bose,
Secretary.

[FR Doc. 2020-02171 Filed: 2/5/2020 8:45 am; Publication Date: 2/6/2020]