NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Comments of the New England States Committee on Electricity (NESCOE) – November 19, 2012

Project Revision of TPL-002 footnote 'b' and TPL-001 footnote 12

Unofficial Comment Form

Please **DO NOT** use this form for submitting comments. Please use the electronic form to submit comments on the Standard. The electronic comment form must be completed by **8 p.m. November 19, 2012**. If you have questions please contact Ed Dobrowolski at ed.dobrowolski@nerc.net or by telephone at 609-947-3673.

You can access the project webpage here.

Background Information

This posting is soliciting formal comment.

FERC Order No. 762 issued April 19, 2012 remanded TPL-002-1b as vague, unenforceable, and not responsive to the previous Commission directives on this matter. The Standards Committee directed the Standards Drafting Team (SDT) to revise footnote 'b' in accordance with the directives of Orders No. 693 and 762. The SDT was also charged with revising the corresponding footnote 12 of TPL-001-2 in order to prevent the remand of TPL-001-2.

The SDT adopted a philosophy of minimal changes to the actual footnote itself. This was done to minimize confusion as to what was changed, for ease of reading and following the footnote, and for formatting within the actual standards documents. This philosophy resulted in the development of an attachment to the footnote where the actual changes in response to the Commission Orders are contained. It should be noted that attachments to standards are part and parcel of the standard itself and thus are binding to applicable entities.

A data request to collect data to assist the SDT in its work was posted for response in accordance with Section 1600 of the NERC Rules of Procedure. A spreadsheet summarizing the data request findings has been included with this posting. Specifically, the data obtained led to the following decisions:

- Order 762 provided guidance suggesting that a ceiling for footnote 'b' use be established. Therefore, the SDT has set the ceiling for footnote 'b' use at 75 MW based on the data provided. Currently, five entities reported that they utilized footnote 'b' for single Contingencies in their planning process for between 50 and 75 MW of potential Load shed and no entity reported that it utilized footnote 'b' for more than 75 MW. The SDT believes that with the Stakeholder Process, the involvement of local regulatory and governmental bodies and by setting a ceiling value for the first time, that it has significantly raised the bar on this issue. Furthermore, the SDT does not believe that it is appropriate to set a limit that would automatically eliminate some existing usages and force those entities to construct new transmission facilities.
- As shown in the data request findings, the average number of MW used with footnote 'b' is approximately 19 MW. The SDT has set the threshold value for when regulatory review is required at 25 MW based on this average value. The SDT believes that setting this value as indicated by the data request findings sets the appropriate balance between the stakeholder process and the additional step of obtaining regulatory and ERO reviews. And again, the SDT believes that setting this threshold value so that regulatory and ERO reviews are required for instances of footnote 'b' utilization between 25 and 75 MW significantly raises the bar.
- The data request showed that the majority of footnote 'b' utilizations were at voltage levels below 300 kV. The SDT believes that this validates the selection of the 300 kV EHV distinction in Section III of the Attachment where regulatory and ERO reviews are required.
- The majority of Contingencies cited as causing an entity to utilize footnote 'b' were line outages. This caused the SDT to consider limiting the use of footnote 'b' to such types of Contingencies and eliminating its usage for transformer outages. However, with the number of instances of transformer outages reported (11), the SDT did not believe such a step was warranted and has not set up a constraint as to types of Contingencies in association with footnote 'b' utilization.
- The data obtained did not indicate any way to isolate usage of footnote 'b' to the fringes of the system whether that meant geographical or electrical fringes. The SDT believes that constraining the use of footnote 'b' to the supposed fringes of a system could potentially be discriminatory and thus invalid. In addition, the introduction of the Stakeholder Process for all uses of footnote 'b' and the regulatory and ERO reviews for the 25 – 75 MW range of use will allow for a true indication of whether the use of footnote 'b' is infringing on societal values which should be a better arbiter of what constitutes a fringe of the system.

The SDT has made a number of changes to the Attachment based on comments received from the first posting. Principal among these, was the deletion of the role of the Regional Entity in the review process and the clarification of the role of the regulatory authorities from approval to review.

The SDT reminds commenters that the Stakeholder Process was previously approved by the NERC Board of Trustees and that inclusion of this process is not the issue. The issue is clarifying the details of that process to answer the concerns in Order 762.

There have been no changes to the Implementation Plan originally filed with the standards.

You do not have to answer all questions. Enter All Comments in Simple Text Format. Bullets, numbers, and special formatting will not be retained.

Insert a "check" mark in the appropriate boxes by double-clicking the gray areas.

Questions

1. Do you agree with the text in the body of the footnote including the maximum capacity threshold? If you do not support these changes or you agree in general but feel that alternative language would be more appropriate, please provide specific suggestions in your comments. For the maximum capacity item, please supply any technical rationale for your comment along with limiting conditions and any current criteria in use at your entity.

☐ Yes

☒ No

Comments:

The New England States Committee on Electricity (NESCOE) appreciates the opportunity to comment on NERC's proposed revisions to Transmission Planning (TPL) Reliability Standards relating to permissible applications of planned load interruption. NESCOE is New England's Regional State Committee and is governed by a board appointed by the six New England Governors. These comments reflect the collective view of the six New England states.

The issue of planned, limited load interruption rests at the central intersection of cost and reliability. It illustrates the fundamental balance that Commissioner Norris details in Order No. 762: the tradeoffs between "increasing levels of reliability and the costs that come along with achieving them." *Transmission Planning Reliability Standards*, Order No. 762, 139 FERC ¶ 61,060 (April 19, 2012) (Norris, Comm'r. concurring in part and dissenting in part) at 2. NESCOE agrees with Commissioner Norris that, as a general matter, this balancing should translate to a more explicit consideration of costs in the NERC standard development process. *Id.* at 1. The language in footnote "b"—and corresponding footnote 12 of TPL-001-2—implicitly recognizes cost considerations in transmission planning by tolerating limited load shedding under defined circumstances. NESCOE offers below comments and suggestions in response to the SDT's questions. These responses reflect NESCOE's interest in planning

for a robust bulk electric system while taking into account the magnitude of risk that a solution is intended to address and the costs associated with competing solutions.

NESCOE appreciates the work of the SDT in attempting to respond to the Commission's directives and the time constraints under which the SDT was required to make changes to footnote "b." However, NESCOE is concerned that establishing a bright-line maximum capacity threshold that is an absolute ceiling is overly prescriptive and unnecessary to meet the Commission's directives. In Order 762, the Commission rejected the contention that regional stakeholder processes should unilaterally determine the appropriate criteria to apply in planning to interrupt firm load. Order 762 at P 32. However, provided that technical parameters are in place, the Commission stated that it would be "amenable" to regional stakeholders establishing such criteria if, for example, NERC or the applicable Regional Entity "developed an exception process that provides flexibility in decisions based" on their expert view of regional considerations. *Id.* The SDT's proposal, however, would impose a one-size-fits-all requirement that forecloses a regional discussion of the quantitative and qualitative considerations that may justify an exception to the proposed 75 MW maximum capacity value.

Such a regional discussion in ongoing in New England. In 2010, ISO New England introduced to stakeholders a draft Transmission Planning Load Interruption Guideline. The Guideline noted that load interruption should not be the principal tool to address transmission system reliability violations and highlighted the priority of reliable service. However, applying quantitative and qualitative criteria, the Guideline proposed for stakeholder discussion various levels of controlled load interruption in N-1-1 conditions—potentially up to hundreds of megawatts—that may be tolerated under clearly defined conditions. NESCOE did not take a view of the Guideline when it was presented for review and does not do so here. For now, the Guideline remains in draft form following stakeholder comment in 2011. However, imposition of a maximum capacity threshold that is an absolute ceiling for N-1 events and potentially, through revisions to footnote 12, N-1-1 events, would prematurely limit important regional discussions of this issue. A better approach, and one which the Commission appears amenable, would be to accompany any bright-line value with an exception process. There is recent precedent supporting such an approach: NERC proposed changes to its Rules of Procedure to accommodate exceptions to the proposed 100 kV bright-line Bulk Electric System definition.

Separately, the footnote references Attachment 1 to the respective planning standards, which requires a stakeholder process review of the utilization of planned interruption. Such review is only triggered if utilization is sought in the Near-Term Transmission Planning Horizon, even though the footnote permits utilization of load interruption throughout the planning horizon. NESCOE does not support this limiting language, which is at tension with an open and transparent planning process over the entire planning horizon. The term "Near-Term" should be stricken or further justification should be provided.

2. Do you agree with the description and components of the Stakeholder Process in Section I of Attachment 1? If you do not support these changes or you agree in general but feel that alternative language would be more appropriate, please provide specific suggestions in your comments.

☐ Yes

☒ No

Comments: NESCOE appreciates the efforts of the SDT in developing a stakeholder process for considering the use of load interruption in system planning. NESCOE especially appreciates the heightened role accorded to states in light of jurisdictional issues raised by the prospect of shedding load and implications for retail customers. States must be intimately involved in weighing reliability considerations against the economic implications of alternative approaches.

Regarding the language in Section I, see the comments above regarding striking "Near-Term" in this context. NESCOE also suggests that additional clarity is needed regarding the intended meaning of "applicable regulatory authorities or governing bodies responsible for retail electric service issues." This language potentially implicates state agencies beyond public utility commissions (e.g., state consumer advocates, attorneys general) and could create confusion for state agencies as well as transmission planners that are required to provide notice to such entities and, pursuant to Section III, provide a process for regulatory review. Instead, the SDT should revise the language to read "electric retail regulatory authorities," a term with clear meaning that the Commission has itself used. See, e.g., Order 719.

3. Do you agree with the Information for Inclusion in the Stakeholder Process contained in Section II of Attachment1? If you do not support these changes or you agree in general but feel that alternative language would be more appropriate, please provide specific suggestions in your comments.

☒ Yes

☐ No

Comments: NESCOE agrees with the list provided in Section II. Regarding item #7, in the interest of explicit direction, NESCOE suggests adding at the end of the sentence the following language: "and cost comparisons of all alternatives."

4. Do you agree with the text in Section III of Attachment 1? If you do not support these changes or you agree in general but feel that alternative language would be more appropriate, please provide specific suggestions in your comments.

☐ Yes

☒ No

Comments:

NESCOE is concerned that the 25 MW minimum value for regulatory review lacks sufficient technical justification. NESCOE understands that the SDT used responses to data requests to establish this 25 MW value, which is based on the average number of MWs that entities applying footnote "b" reported using in transmission planning. This may be a good starting point, but additional analysis is warranted. Specifically, the analysis should consider a more direct nexus to the system, such as substation design criteria. Additionally, as detailed above, Attachment 1 should provide clarity regarding the meaning of "applicable regulatory authorities."

Moreover, clarification is required regarding the initial triggering factor for regulatory review. Section III states that the regulatory review process is required before the footnote can be utilized in "Year One" of the planning horizon. Does this mean that such regulatory review only applies to year one or does it apply to year one and beyond? If the former, NERC needs to provide a clear rationale for restricting such review when limiting factors are already applied (i.e., voltages greater than 300 kV or a 25 MW minimum threshold value).

5. If you have any other comments on this Standard that you haven't already mentioned above, please provide them here:

Comments: