UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Reliability Standard for Transmission Vegetation Management	)	Docket No. RM12-4-000

COMMENTS OF THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY

Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC") Notice of Proposed Rulemaking issued on October 18, 2012 (the "NOPR")[1], the New England States Committee on Electricity ("NESCOE") hereby submits comments[2] on the Commission's proposal to approve Reliability Standard FAC-003-2 (Transmission Vegetation Management) (the "Proposed Reliability Standard"), which the North American Electric Reliability Corporation ("NERC") submitted for approval on December 21, 2011.[3]

I. COMMUNICATIONS

Pursuant to Rules 203 and 2010 of the Commission's Rules of Practice and Procedure,[4] the person to whom correspondence, pleadings, and other papers in regard to this proceeding should be addressed and whose name is to be placed on the Commission's official service list is designated as follows:

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1 Revisions to Reliability Standard for Transmission Vegetation Management, 141 FERC

2 Some New England state public utility commissions may be investigating and/or have open proceedings related to outages and other distribution-level issues arising from recent storm events. NESCOE's comments in this docket are limited to transmission system vegetation management and should not be construed as NESCOE, its managers, or any state official taking a position relative to any such investigation or proceeding.

3 *Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard FAC-003-2 – Transmission Vegetation Management*, Docket No. RM12-4-000 (filed Dec. 21, 2011) ("NERC Petition").

4 18 C.F.R. §§ 385.203 and 385.2010 (2011).

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II. DESCRIPTION OF COMMENTER

NESCOE is the Regional State Committee for the New England region. NESCOE is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff administered by ISO-NE.[5] NESCOE's mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest reasonable cost over the long-term, consistent with maintaining reliable service and environmental quality. These comments represent the collective view of the six New England states.

III. COMMENTS

NESCOE appreciates the opportunity to provide comments on this NOPR. NESCOE's comments in this proceeding—and on the NERC standard development process in general—have been guided by the same basic principle: preserving and advancing system reliability while ensuring that new costs borne by electricity consumers in the name of reliability are sufficiently justified. NESCOE details below its general support for the Proposed Reliability Standard given the importance of vegetation management to bulk power system reliability. NESCOE shares the Commission's view that the Proposed Reliability Standard represents an improvement over the currently-effective standard in a number of critical areas. For this reason and to ensure that changes

[5] *See* ISO New England Inc., 121 FERC ¶ 61,105 (2007).

are implemented in a timely manner, NESCOE requests that the Commission grant interim approval of the Proposed Reliability Standard, with final approval conditioned on NERC supporting its proposal with a cost-benefit analysis.

A. Description of the Proposed Reliability Standard

In the NOPR, the Commission proposes to approve modifications to the current reliability standard for transmission system vegetation management. While noting "important strides" that industry has made regarding vegetation-related outages, the Commission states that such outages have been a "recurring cause in many blackouts" and that poor vegetation management was an initiating cause of the 2003 Northeast blackout.[6]

Among other changes, the Proposed Reliability Standard would expand the applicability of the standard to lower voltage lines that are critical to system reliability. The present standard captures only overhead transmission lines operated at or above 200 kV, while the Proposed Reliability Standard would include both these higher voltage lines and any sub-200 kV line that is an element of an Interconnection Reliability Operating Limit ("IROL") or a Major Western Electric Coordinating Council ("WECC") Transfer Path.[7]

The Proposed Reliability Standard also establishes a new minimum vegetation clearance distance ("MVCD") within the transmission owner's ("TO") right-of-way ("ROW").[8] This requirement reduces, if not eliminates, discretion accorded to transmission owners under the currently-effective standard to set minimum clearing distances and treats as a violation any

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6 NOPR at P 3.

7 *Id.* at P 2. NERC defines IROL, a feature of the Proposed Reliability Standard applicable to regions outside of WECC, as "[a] System Operating Limit that, if violated, could lead to instability, uncontrolled separation, or Cascading Outages that adversely impact the reliability of the Bulk Electric System." *Id.* at n. 3. NESCOE appreciates the Commission's inquiry in this NOPR regarding the proper designation of IROLs, *see id.* at P. 65, and provides comments below on this issue.

8 *Id.* at P 2. Neither the current ROW definition nor the Proposed Reliability Standard applies to vegetation existing outside of a TO's ROW. *See id.* at PP 95-102.

encroachment into the MVDC irrespective of vegetation making contact with a line.[9] TOs would be exempt from a violation, however, if the contact occurred due to events beyond their control—e.g., a major storm, animal activity, human activity (other than by the TO's employees and contractors).[10] Relatedly, the Proposed Reliability Standard makes explicit certain required communication protocols between TOs and control centers when a TO observes an issue related to vegetation that would likely result in a fault.[11]

Additionally, the Proposed Reliability Standard would "for the first time . . . require [TOs] to annually inspect all transmission lines subject to the standard and to complete 100 percent of their annual vegetation work plan."[12] Under the present standard, TOs are provided flexibility to develop their own vegetation management inspection schedule, with no explicit requirement to ever complete the inspection.[13]

The Commission states that the Proposed Reliability Standard improves upon the currently-effective standard and that it responds to a number of directives from Order No. 693, which are detailed in the NOPR.[14] Accordingly, while seeking additional data from NERC[15] or

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9 *Id.* at PP 2, 9, 19. In response to the Commission's directive in Order No. 693, the Proposed Reliability Standard proposes to define ROW as not exceeding a TO's legal property rights while allowing some flexibility for a narrower corridor corresponding with the "land . . . needed to operate the line(s)" and other criteria. *Id.* at P 96. *See Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, at P 734, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007) ("Order 693").

10 NOPR at P 26.

11 *Id.* at P 28.

12 *Id.* at P 2.

13 *Id.* at P 30.

14 *Id.* at P 57.

15 *Id.* at PP 3, 73.

proposing modifications[16] in some areas, the Commission proposes to approve the Proposed Reliability Standard based on its "overall benefits."[17]

B. Effective Vegetation Management is Critical to Mitigating Risks to Bulk Power System Reliability

1. The Proposed Reliability Standard Should Result in Greater Reliability, but the Process for Designating IROLs Must Reflect the Balance Sought by the Commission

NESCOE generally supports the comprehensive approach to transmission system vegetation management that is reflected in the Proposed Reliability Standard. The results of the NERC stakeholder process reflect broad industry support for these changes.[18] This level of support is significant in light of the complex and challenging legal, environmental, and cost issues inherent in discussions around vegetation management.

The Proposed Reliability Standard makes key modifications to the present standard. Required annual maintenance cycles, coupled with a "zero tolerance" approach to encroachments within the MVCD, should result in meaningful reliability gains.[19] Formal communication procedures between a TO and the relevant control center before a major reliability issue arises is a common sense enhancement to the current requirements.[20]

The Proposed Reliability Standard also appears to appropriately balance the inclusion of certain sub-200 kV lines with the risk of over-capturing elements that do not present a risk of cascading outages—i.e., the proposal employs an impact-based approach for designating a line

16 *Id.* at P 81.
17 *Id.* at P 60.
18 *See* NERC Petition at Exhibit G (documenting that over 85% of those entities casting final ballots voted in the affirmative, with support spread across industry sectors and including the National Association of Regulatory Utility Commissioners and certain state public utility commissions).
19 *See* NOPR at PP 24, 58 (quoting the NERC Petition's description of its new minimum clearing distance requirement).
20 *See id.* at 28.

as an IROL instead of applying a one-size-fits-all bright-line standard continent-wide.[21] In this manner, and at the Commission's direction, the Proposed Reliability Standard takes into account the burden placed on transmission owners—and, implicitly, costs ultimately borne by consumers.[22] NESCOE appreciates the Commission's guidance to NERC regarding this balance, and NESCOE respectfully asks the Commission to underscore in any final rule the importance of designating as IROLs only those lower voltage lines that truly impact bulk power system reliability.

2. The Proposed Reliability Standard Should Help Mitigate Transmission System Vegetation-Related Outages During Major Storm Events

Recent storms in New England underscore the timely importance of reforming transmission system vegetation management practices. NESCOE recognizes that there is no magic bullet to eliminating entirely the risk of falling trees during severe weather events. Nor does the Proposed Reliability Standard attempt to "storm proof" the transmission system. Indeed, the Proposed Reliability Standard exempts TOs from violations where a severe weather event causes encroachment and is not otherwise designed to address natural disasters. However, more clearly defined clearance requirements and stricter vegetation management practices, among other requirements, should have the attendant benefit of reducing the risk to bulk power system reliability during severe weather events.

Further analysis is required to assess the degree to which the Proposed Reliability Standard might have prevented transmission system outages during recent storms. For example, the preliminary data with respect to Hurricane Sandy's impact on the New England transmission system does not, as might be expected, provide information relative to whether line trips were

21 *See id.* at P 63.
22 *See id.* at PP 13, 65.

caused by vegetation contact, whether such vegetation was located within a ROW, or whether any of the lower voltage lines involved are (or could properly be) designated as IROLs.[23] Additionally, the report by FERC/NERC staff on the Northeast Snowstorm of October 29-30, 2011 analyzes outages caused by tree contact against the current standard because the Proposed Reliability Standard was under the Commission's review at the date of the report's issuance.[24]

The FERC/NERC staff report does, however, highlight efforts in northeastern states to harden distribution systems against storm events and notes that, if successful, additional demands would be placed on the transmission system during storms as the prospect of load loss caused by distribution system damage is diminished.[25] Such an assessment underscores how compliance with the proposed improvements to transmission system vegetation management standards can serve to indirectly enhance bulk power system reliability during major storm events.

C. The Commission Should Grant Interim Approval of the Proposed Reliability Standard and Condition Final Approval on NERC Completing a Cost-Benefit Analysis

As detailed above, NESCOE generally supports the Proposed Reliability Standard, which represents, as a whole, appropriate enhancements to current transmission system vegetation management standards. NESCOE also appreciates the timely need for an expeditious effective date in light of the significant impact tree contact can have on bulk power system reliability.

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23 *See* ISO New England ("ISO-NE"), *NEPOOL Participants Committee Report*, Nov. 2012, at p. 10, *available at* http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/prtcpnts/mtrls/2012/nov22012/coo_report_nov_2012.pdf. ISO-NE notes in its report that "the bulk power system was operated reliably and in accordance with all [Northeast Power Coordinating Council] and NERC standards and criteria." *Id.*

24 *See* FERC and NERC Staff Report, *Transmission Facility Outages During the Northeast Snowstorm of October 29-30, 2011: Causes and Recommendations*, May 2012, at n. 91, *available at* http://www.ferc.gov/legal/staff-reports/05-31-2012-ne-outage-report.pdf. Like ISO-NE's preliminary report on Hurricane Sandy, the FERC/NERC staff report states that damage from the October 2011 storm did not significantly impact the bulk power system. *Id.* at 36.

25 *Id.*

However, the Proposed Reliability Standard falls short in one critical area. Like any new reliability standard, in order for the Commission to determine that NERC's proposal is "just, reasonable, not unduly discriminatory or preferential, and in the public interest,"[26] NERC should be required to demonstrate that the Proposed Reliability Standard is supported by a cost-benefit analysis (i.e., that incremental reliability gains outweigh additional costs imposed by new requirements).

The Commission should provide interim approval of the Proposed Reliability Standard pending NERC's development and submission of cost-benefit data supporting the new requirements.[27] In the NOPR, the Commission appears to take a similar position regarding the technical justification for NERC's setting of MVCD values. While the Commission accepts NERC's proposed approach for determining the appropriate MVCDs, it proposes to direct NERC to develop empirical data either confirming the MVCD values or detailing why the standard needs to be revisited and to then submit the testing results to the Commission in the form of a report.[28]

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[26] 16 U.S.C. § 824o(d)(2) (2006).

[27] NESCOE recognizes that cost-benefit analyses can vary significantly in detail. *See generally* NERC, Membership Representatives Committee BES/ALR Policy Issues Task Force, *White Paper: Cost/Benefit, Load Loss, Cascading Task Team*, Sept. 2011, *available at* http://www.nerc.com/docs/standards/AgendaItem_13-attach-1.pdf. Accordingly, while the burden should be on NERC to justify a less rigorous analysis, NESCOE appreciates that there may be factors militating against a highly granular cost-benefit analysis in the case of every proposed reliability standard. *See, e.g., NERC Cost Effective Analysis Process (CEAP) for NERC ERO Standards--Draft*, May 4, 2012, at pp. 2-3 (proposing that the first phase of a Cost Effective Analysis Process ("CEAP") include an assessment of "order of magnitude costs" and "egregious costs" associated with a proposed reliability standard to inform the continued development of a mandatory standard), *available at* http://www.nerc.com/docs/standards/sar/NERC_CEAP-5-4-12_SCPostedVersion1.pdf. NESCOE understands that the CEAP is still under development at NERC, but, if implemented, the CEAP should help address the lack of any formal cost-benefit analysis in the reliability standards development process.

[28] NOPR at PP 3, 73.

Moreover, in Order No. 693, the Commission recognized the balance between compliance costs and the priority of preserving system reliability. Specifically, in response to concerns about compliance costs if the vegetation management standard were expanded to lower voltage lines, the Commission directed NERC "to develop an acceptable definition that covers facilities that impact reliability but balances extending the applicability of this standard against unreasonably increasing the burden on transmission owners."[29]

The Commission should expand this limited directive in Order No. 693 to require NERC to undertake a cost-benefit analysis of all of the new requirements contained in the Proposed Reliability Standard. Final approval of the Proposed Reliability Standard should be conditioned on a satisfactory showing that benefits outweigh costs and, like the NOPR's proposed requirement related to MVCDs, NERC should be required to submit a report reflecting its findings in this area.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, NESCOE respectfully requests that the Commission (i) grant interim approval of the Proposed Reliability Standard, (ii) condition final approval on NERC conducting a cost-benefit analysis and submitting its results to the Commission, (iii) underscore in any final rule the importance of designating as IROLs only those lower voltage lines that truly impact bulk power system reliability, and (iv) direct NERC to take additional actions consistent with the comments provided above.

[29] *Id.* at P 13, quoting Order 693 at P 706.

Respectfully submitted,

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