

123 FERC ¶ 61,239
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Facilities Design, Connections and Maintenance
Reliability Standards

Docket No. RM07-3-001

ORDER ON REHEARING AND CLARIFICATION

(Issued June 2, 2008)

1. In Order No. 705,¹ the Commission approved as mandatory and enforceable three Reliability Standards concerning Facilities Design, Connections and Maintenance (FAC) proposed by the North American Electric Reliability Corporation (NERC). In this order, the Commission grants ISO/RTO Council's request for clarification, and denies the alternative request for rehearing, of Order No. 705.

Background

2. On November 15, 2006, NERC, the Commission-certified Electric Reliability Organization (ERO) submitted three FAC Reliability Standards for Commission approval. In addition, NERC submitted for Commission approval definitions of four terms that related to the FAC Reliability Standards for inclusion in the NERC Glossary of Terms Used in Reliability Standards (NERC glossary).

3. In Order No. 705, the Commission approved the three FAC Reliability Standards. The Commission also approved three of the definitions, including NERC's proposed definition for "Interconnection Reliability Operating Limit T_v " (IROL T_v).² The Commission remanded one definition.

4. The Commission, in accepting the definition for IROL T_v , included a discussion accompanying the Commission's acceptance of IROL T_v that is the subject of ISO/RTO Council's request for clarification and rehearing. IROL T_v is defined as:

¹ *Facilities Design, Connections and Maintenance Reliability Standards*, Order No. 705, 73 FR 1770 (Jan. 9, 2008), 121 FERC ¶ 61,296 (2007).

² Order No. 705 at P 97.

The maximum time that an Interconnection Reliability Operating Limit [(IROL)] can be violated before the risk to the interconnection or other Reliability Coordinator Area(s) becomes greater than acceptable. Each Interconnection Reliability Operating Limit's T_v shall be less than or equal to 30 minutes.

5. In the Notice of Proposed Rulemaking (NOPR) on the FAC Reliability Standards, the Commission proposed to accept the definition of IROL T_v with the understanding that the only time it is acceptable to violate an IROL is in the limited time after a contingency has occurred and the operators are taking action to eliminate the violation.³ NERC agreed with the Commission's interpretation.⁴ Therefore, Order No. 705 accepted the Glossary definition "with the understanding that the only time it is acceptable to violate an IROL is in the limited time after a contingency has occurred and the operators are taking action to eliminate the violation."⁵

Request for Clarification and Rehearing

6. On January 28, 2008, ISO/RTO Council filed a request for clarification or, in the alternative, rehearing of Order No. 705. ISO/RTO Council suggests that the Commission's statement regarding the definition of IROL T_v could be interpreted to conflict with a previous statement regarding IROLs that was made in Order No. 693. ISO/RTO Council notes that, in Order No. 693, the Commission accepted Reliability Standard IRO-005-1, which provides for system operators to monitor their system during current day operations, and identifies tasks that reliability coordinators must perform throughout the day to meet system operating limits and ensure transmission reliability. Order No. 693 notes that there are two possible interpretations for IRO-005-1:

³ *Facilities, Design, Connections and Maintenance Reliability Standards*, Notice of Proposed Rulemaking, 72 FR 46413 (Aug. 20, 2007), FERC Stats. & Regs. ¶ 32,622, at P 43 (Aug. 13, 2007) (FAC NOPR).

⁴ In a prior proceeding, NERC also stated with regard to the Western Electric Coordinating Council (WECC) Regional Reliability Standards that exceeding a system limit under normal, i.e., pre-contingency, conditions is not an acceptable operating state under those Reliability Standards and requires the transmission operator to take immediate, proactive corrective action within the time limits specified (20 or 30 minutes in WECC, depending on the facilities involved). This statement was provided in a July 9, 2007 compliance filing in Docket No. RR07-11-001 at 7-8, which was accepted by delegated letter order dated November 2, 2007.

⁵ Order No. 705 at P 125, 128 (citing FAC NOPR, FERC Stats. & Regs. ¶ 32,622, at P 43).

IRO-005-1 could be interpreted as allowing a system operator to respect IROLs in two possible ways: (1) allowing IROL to be exceeded during normal operations, i.e., prior to a contingency, provided that corrective actions are taken within 30 minutes or (2) exceeding IROL only after a contingency and subsequently returning the system to a secure condition as soon as possible, but no longer than 30 minutes. Thus, the system can be one contingency away from potential cascading failure if operated under the first interpretation and two contingencies away from cascading failure under the second interpretation.^[6]

7. Order No. 693 accepted IRO-005-1, but directed NERC to conduct a survey on IROL practices and actual operating experiences to learn about how operating entities operate their systems to respect IROLs in the normal system condition, i.e., prior to a contingency. The Commission stated that the survey should identify reliability risks and the frequency and number of operating practices involving drifting in and out of IROL.⁷ Thus, Order No. 693 stated that the issue of whether the two possible interpretations of IRO-005-1 would be permitted under the Reliability Standard was to be deferred until NERC completed its study and made its recommendation. The survey is scheduled to be completed in August 2008.

8. ISO/RTO Council requests the Commission to clarify that its statement in Order No. 705 accompanying its acceptance the Glossary term, IROL T_v was not intended to supersede the language in Order No. 693. In particular, ISO/RTO Council is concerned that exceeding an IROL in the absence of a contingency should not be interpreted as a Reliability Standard violation so long as the system operator takes prudent steps to bring operations under control in not more than 30 minutes consistent with the requirements of IRO-005-1.⁸ In the alternative, ISO/RTO Council seeks rehearing.

9. ISO/RTO Council argues that an absolute prohibition on exceeding IROL limits is not necessary to reliably operate the system, and that system operators cannot prevent

⁶ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, at P 946 & n.303 (citations omitted), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007). IRO-005-2, Requirements R3 and R5 in particular state that a Reliability Coordinator should take action within 30 minutes to alleviate actual or potential system conditions that exceed a system operating limit (SOL) or IROL.

⁷ The term “drifting in and out of IROLs” refers to operating the normal, pre-contingency system, but exceeding IROLs in multiple occurrences, with each occurrence lasting fewer than 30 minutes. Currently, this mode of operation is not considered a violation of NERC Reliability Standards. *Id.* P 946 n.304.

⁸ ISO/RTO Council at 10.

their systems from exceeding IROL limits for short periods on at least some occasions. ISO/RTO Council states that operating the system to minimize exceeding IROL limits would require reductions in available capacity, and that the necessary conservative operating assumptions would increase congestion and cause economic consequences. Based on these positions, ISO/RTO Council requests that the Commission clarify that its Order No. 705 statement was not intended to supersede its Order No. 693 holding on the issue of whether exceeding an IROL limit can, in and of itself, represent a violation of the Reliability Standards even if the system operator has taken prudent steps to bring operations under control in not more than 30 minutes.

Discussion

10. The Commission grants the clarification requested by ISO/RTO Council, and, because the clarification is granted, denies the request for rehearing. The statement in Order No. 705 regarding NERC's definition of IROL T_v was not intended to prejudge the results of the survey of IROL practices that the Commission directed NERC to perform in Order No. 693. The Commission believes that operating the system within IROL limits under normal system conditions and exceeding IROL limits only after a contingency and subsequently returning the system to a secure condition as soon as possible, but no longer than 30 minutes, may be appropriate.⁹ This mode of operation will help ensure the system can withstand the single largest contingency without cascading failures. However, until the Commission acts on further information received in the study ordered in Order No. 693, it is not a violation of IRO-005-1 to exceed an IROL limit during normal operations, i.e., prior to a contingency, provided that corrective actions are taken within the required 30 minute time frame under IRO-005-1.

The Commission orders:

(A) ISO/RTO Council's request for clarification is hereby granted, as discussed in the body of this order.

(B) ISO/RTO Council's request for rehearing is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁹ See Order No. 693 at P 937-48.