

Unofficial Comment Form for Project 2010-10 — Modifications to FAC-012 and FAC-013 for Order 729 — Draft FAC-013-2 Standard

Please **DO NOT** use this form. Please use the [electronic comment form](#) located at the link below to submit comments on the proposed SAR and modifications proposed FAC-013-2 — Planning Transfer Capability. Comments must be submitted by **November 3, 2010**. If you have questions please contact Darrel Richardson at Darrel.richardson@nerc.net or by telephone at 609-613-1848.

<https://www.nerc.net/nercsurvey/Survey.aspx?s=e90004c891d2475ea8f1f74a35d5e2ba>

Background Information:

The SAR for Project 2010-10 – Modifications to FAC-012 and FAC-013 for Order 729 proposes modifications to the following standards:

- FAC-012-1 — Transfer Capability Methodology
- FAC-013-1 — Establish and Communicate Transfer Capabilities

In Order 729, FERC ruled that the ATC standards developed in Project 2006-07 did not completely address the topics covered in FAC-012 and -013 and did not fully address the associated directives from Order 693. Accordingly, FERC denied the portions of the implementation plan that would have retired these standards, and instead directed NERC to use the standards development process to make changes to the FAC standards and file those changes with FERC no later than 60 days prior to the effective date of the standards, which is April 1, 2011 (requiring the proposed changes to be filed on or before January 31, 2011).

NERC has an obligation to address FERC's directives. It is the intent to identify all the applicable FERC directives and incorporate them in the draft standard. A second draft of the proposed standard has been developed that attempts to address the applicable FERC directives as well as address concerns raised by the industry during the first posting. Please review the proposed draft standard in its entirety and answer the following questions by using the electronic comment form.

You do not have to answer all questions. Enter all comments in Simple Text Format.

1. The SDT has modified the definition of Planning Transfer Capability (PTC). The definition now reads "The Transfer Capability that is calculated for the planning period beyond 13 months." Do you agree that the revised definition provides additional clarity as to the time period for the calculations?

Yes

No

Comments: The definition adds clarity regarding the time period for the calculations, but does not indicate the use of such calculated values. Available Transfer Capability ("ATC") may be calculated in response to specific transmission service requests that extend beyond the time horizon covered by the MOD standards. First Contingency Incremental Transfer Capability ("FCITC") may also be calculated during studies performed by Planning Coordinators. When the references to the MOD standards are

considered, the applicability of the definition is unclear with regard to these two concepts.

2. The SDT has modified the definition of Planning Transfer Capability Implementation Document (PTCID) so that it is now called Planning Transfer Capability Methodology Document (PTCMD). The definition now reads “A document that describes the process for calculating Planning Transfer Capability (PTC).” Do you agree that the revised definition provides additional clarity as to the purpose of the document?

Yes

No

Comments: The development of the PTCMD, as described in the standard, creates confusion as to whether the PTCMD is intended to describe: (1) the entity's methodology for continued calculation of ATC for the 2 to 5 year horizon as such values would be calculated in response to specific transmission service requests or (2) the entity's methodology for calculation of FCITC in the 2 to 5 year horizon. Clarity as to the applicability and scope for which the PTCMD is intended is critical for compliance with this standard as ATC and FCITC are calculated differently for different purposes. Currently, Reliability Coordinators calculate FCITC in the operating horizon in the seasonal pre-summer and pre-winter operating studies or seasonal assessments in accordance with the current, approved standards FAC-012-1 and FAC-013-1. The MOD standards were approved by the Federal Energy Regulatory Commission (“FERC”) in Order 729 as the standards applicable to calculating transfer capabilities in the Operating Horizon, which ATC values are utilized for the sale of transmission service. In Order 729 (¶ 289), FERC required NERC to modify FAC-012 and FAC-013 such that those standards would require and be the applicable standards for calculation of transfer capability values for the Planning Horizon and such that the criteria used for calculations would be “identical” between the planning and operating horizons. Hence, it is not clear if the intention of this standard and the PTCMD is to describe an entity's methodology for calculation of ATC values for the Planning Horizon or, rather, if the intention of this standard and the PTCMD is to describe an entity's methodology for calculation of FCITC values for the Planning Horizon. Additional, detailed comments are provided under question 3 (R1.1 & R1.1.4) below.

3. The SDT has modified the Requirements to include data and modeling information as well as provide for additional clarity regarding the intent of the Requirement. Do you agree that the revised Requirements accomplish this goal?

Yes

No

Comments:

As discussed above, it is not clear if the intention of this standard and the PTCMD is to describe an entity's methodology for calculation of ATC values for the Planning Horizon or, rather, if the intention of this standard and the PTCMD is to describe an entity's methodology for calculation of FCITC values for the Planning Horizon. More specifically, Requirement R1 requires that, at a minimum, the PTCMD include “a description of the assumptions and criteria used in the calculation of Planning Transfer Capabilities (PTCs) to include at a minimum how each of the following are addressed, or an explanation for any of the following not used in the calculation of PTC...”. Included in these required elements, at Part 1.1, are “Reliability margins applied to reflect uncertainty with BES conditions” and, at R1.4, are “A statement that the assumptions and criteria used to calculate PTCs are as, or more, limiting

than the assumptions and criteria used in the operating horizon". The inclusion of these elements in the calculation of PTC strongly suggests that the intent of this standard and the PTCMD is to describe an entity's methodology for calculation of ATC values for the Planning Horizon.

More specifically, the requirement to include 'Reliability Margins' in the PTC calculation or to provide a justification for not doing so described in R1.1 strongly suggests that the standard has been drafted with the calculation of ATC values as its primary intent. The concept of reliability margins (Capacity Benefit Margin and Transmission Reserve Margin) was specifically designed for the purposes of calculating ATC and selling transmission service in response to FERC's final rules in Orders 888 and 889. Reliability margins are designed to ensure that transmission service is not sold past the point of where the Bulk Electric System ("BES") will be secure and to ensure that the network transmission customers will have access to generation resources. As well, the requirement set forth in R1.1.4, which requires that 'A statement that the assumptions and criteria used to calculate PTCs are as, or more, limiting than the assumptions and criteria used in the operating horizon' be included in the PTCMD indicates that the assumptions and criteria utilized to calculate ATC values under the MOD standards and PTC values under the draft FAC-013-2 standard should be as similar as possible, which also strongly suggests that the standard has been drafted with the calculation of ATC values as its primary intent. Further, the intent of R1.1.4 is unclear and seems counterintuitive to current practices in that the assumptions in the planning horizon are, by virtue of the uncertainties associated with effects of time, less accurate than the operating horizon.

The calculation of ATC values in the planning horizon and, in particular, years 4 and 5 years would have no practical value and would not improve the reliability of the BES. Further, FERC specifically acknowledged, in Order 729, that planning horizon transfer capabilities "may not be so accurate to support long-term scheduling of the transmission system but ... that such forecasts will be useful for long-term planning." Hence, if the intent of this standard and the PTCMD is to describe an entity's methodology for calculation of ATC values for the Planning Horizon, such is contrary to FERC's guidance in Order 729 and would add no value to the long-term reliability of the BES. Finally, whether the intent of this standard and the PTCMD is to: (1) describe an entity's methodology for calculation of ATC values for the Planning Horizon, which is strongly indicated by the content of the standard as described above, or (2) describe an entity's methodology for calculation of FCITC values for the Planning Horizon, the standard remains unclear as to its intent and how planning horizon transfer capabilities should be calculated.

4. The SDT has modified the VRFs to better align with the risk associated with the Requirements. Do you agree that the VRFs are now more consistent with regards to the risk associated with the Requirements?

Yes

No

Comments: We thank the drafting team for revising these VRFs to be Lower. We understand that requirements must include a VRF and support the assignment of "Lower" for the VRFs.

5. The SDT has modified the Measures to better align with the Requirements. Do you agree that the Measures are now more consistent with the Requirements?

Yes

No

Comments:

6. The SDT has modified the VSLs to better align with the severity of non-compliance associated with the Requirements. Do you agree that the VSLs are now more consistent with regards to the severity of non-compliance associated with the Requirements?

Yes

No

Comments: We believe the VSLs for R1 should be expanded to include more gradations. Failure to include one element from Parts 1.2 through 1.5 should be a Lower VSL. Failure to include two elements should be a Moderate VSL. Failure to include three elements should be a High VSL. Failure to include four elements should be a Severe VSL.

7. When reviewing the mapping document posted with the proposed FAC-013-2 standard, do you believe that the proposed standard (considering only the requirements assigned to the Planning Coordinator) will lead to an improvement in reliability when compared to the standards it proposes to replace?

Yes

No

Comments: It is likely that the standard, as drafted, will result in significant confusion and misunderstanding regarding the calculation of PTC values.

8. Please provide any other comments (that you have not already provided in response to the questions above) that you have on the proposed standard.

Comments: The Planning Transfer Capability idea should be retired since it does not have any benefits for BES reliability, but will cause additional burden and confusion for Planning Coordinators:

- Transfer capabilities in the planning horizon are not useful for the reliable planning of the transmission system and/or any expansion plans. The current, approved TPL standards already provide system expansion requirements to assure reliable system performance with regard to firm transfer commitments, but not to limits that may exceed those firm commitments such as those that would be indicated in PTC calculations. Further, it must be noted that there are no TPL standards that require system expansion for maintenance of transfer capabilities above firm transfer commitments. As such, transfer capabilities in the planning horizon provide no additional information that can be used for system planning.
- Transfer capabilities calculated 2 to 5 years ahead are not useful to give system operators advance warning or appropriate, applicable operating limits because operating horizon conditions will be significantly different than those projected during the planning horizon (2 to 5 years previously).

While we disagree with the need for the standard as a whole, the following comments on the specific requirements are offered:

- R3 should be removed from the standard as it is an administrative requirement that is unnecessary, contrary to the results-based standards effort and duplicative of existing statutory requirements. More specifically, R3 mandates a stakeholder process for the PTCMD and the calculation of PTC values generally, which process provides no reliability benefit, but provides a method for entities to dispute or request modification to the calculation of specific PTC values, which exceptions must then be documented in a revised PTCMD. The requirement to respond to all technical comments and/or revise PTCs and the PTCMD would be a significant administrative burden to the Planning Coordinators. Additionally, it should be noted that the NERC Board of Trustees approved the results-based standards initiative which includes a specific, stated goal to eliminate purely administrative requirements, which R3 is. Finally, FERC Order 890 already contains requirements for transmission planners to have stakeholder process. Accordingly, stakeholders already have a process through which they can address, with Planning Coordinators, issues with values and/or assumptions used in the planning horizon and/or system expansion plans.
- Part 2.3 should be either be removed due to its subjective nature or criteria for requesting such data should be added to clarify what entities can request such data, under what circumstances they can do so, and how disputes regarding such requests are to be resolved. More specifically, R3 contains no indication regarding the entity that makes the determination that a functional entity had a reliability-related need to the PTCs. Additionally, there are no dispute resolution provisions to govern disagreements between Planning Coordinators and entities requesting data under R3. Accordingly, the drafting team should either remove R3 from the standard or review the functional entities in the functional model and add the specific entities that should have access to the PTCs.