



Dates & Events

May 2015

- 28 Comments due to ROPComments@NERC.net on [Risk-Based Registration changes](#) to Rules of Procedure

June 2015

- 4 [FERC Technical Conference](#) on Reliability of the Bulk-Power System, Washington, DC
- 4 NERC [Real-time Monitoring and Analysis Workshop, Atlanta, GA](#) (or [online](#))
- 18 Industry Webinar – [Infrastructure Maintenance](#)
- 22 [Comments due to FERC](#) on PRC-002-2 (Disturbance Monitoring and Reporting) proposed rule

July 2015

- 1 [Comments due to FERC](#) on PRC-005-4 (Protection System, Automatic Reclosing, and Sudden Pressure Relaying Maintenance) proposed rule Standards PRC-006-NPCC-1 and MOD-32-1 [become effective](#)
- 27 Comments due to FERC on [geomagnetic disturbance standard proposed rule](#)

Electric Reliability Update

MAY 29, 2015

FERC

FERC Approves WECC Blackout Settlement - May 26 - FERC [issued an order](#) approving a consent agreement between its own Office of Enforcement, NERC, WECC, and Peak Reliability regarding potential violations of reliability standards in a September 2011 blackout in Southern California. Under the terms of the agreement, WECC will pay \$1.5 million in penalties to the U.S. Treasury, \$1.5 million in penalties to NERC, and will invest \$13 million in additional reliability measures. Measures taken by WECC and Peak Reliability (which was part of WECC at the time) include increased staffing, improved planning and forecasting, and improved protection systems. WECC and Peak Reliability must also make reports to FERC and NERC every six months for at least one year, with a FERC/NERC option to require a second year of reports.

FERC Approves PRC Standard - May 13 - FERC [issued an order approving Reliability Standard PRC-004-3](#) (Protection System Misoperation Identification and Correction). The new standard, which replaces Reliability Standards PRC-004-2.1a and PRC-003-1, requires entities to "identify and correct causes of misoperations of certain protection systems." The order also directs NERC to submit a compliance filing within 60 days of the approval order.

NERC

NERC Submits Compliance Filing Regarding Implementation of the Reliability Assurance Initiative - May 20 - [NERC submitted a compliance filing to FERC regarding implementation of its Reliability Assurance Initiative \(RAI\) and, in particular, regarding incorporation of the RAI into the Compliance Monitoring and Enforcement Program \(CMEP\)](#). In response to concerns raised by FERC when it approved implementation of the RAI, NERC provides additional detail in its compliance filing regarding: the coordinated management and oversight of the risk-based CMEP, the risk-based CMEP measures of success, the self-logging internal controls assessment methodology, and the standardization of content and review logs.

Draft 2016 NERC Budget Posted - May 19 - NERC [has posted its first draft](#) of budget documents for its FY2016 budget for stakeholder review and comment. Comments are due by June 30, 2015, and a [summary letter](#) indicates that NERC anticipates submitting the proposed budget to FERC by August 30. The budget reflects a 1.9% increase from FY2015.

NERC and WECC File Motion to Intervene and Comments in Southern California Edison Proceeding Regarding Use of 115 kV Facilities in Local Distribution - May 18 - [NERC and WECC submitted a joint motion to intervene and comments to FERC](#) in a proceeding [initiated by Southern California Edison \(SCE\) regarding an application for a factual determination that certain of its 115 kV facilities are facilities used in local distribution](#). The SCE application seeks a determination directly from FERC that certain of SCE's 115 kV facilities are exempt from the Bulk Electric System definition because they are facilities used in local distribution. NERC and WECC's joint comments do not object to SCE's method of seeking a determination directly from FERC on whether the particular facilities are jurisdictional or not; however, their comments suggest that FERC should consider more than just the "Seven-Factor Test" to determine whether the facilities in question are jurisdictional or not. In particular, NERC and WECC argue for a consideration of "other factors" such as impact on reliability generally to determine whether a particular set of facilities should be considered non-jurisdictional, even if they are appropriately characterized as local distribution facilities. As a result, NERC and WECC request that FERC require SCE to provide additional information regarding potential reliability impact before FERC makes a determination on the status of the facilities in question.

NERC Balloting & Comment Deadlines

June 2015

- 17 [Comments Due](#): Project 2015-03-014 – Periodic Review of System Operating Limit Standards – FAC-010, FAC-011, and FAC-014
- 19 [Joint Ballot Pool Closes](#): Project 2015-06 – Interconnection Reliability Operations and Coordination – IRO-006-East, IRO-009

July 2015

- 8 [Initial Ballot and Non-Binding Polls Close and Comments Due](#): Project 2015-06 – Interconnection Reliability Operations and Coordination – IRO-006-East, IRO-009

Selected Regional Compliance / Training Events

June 2015

- 2-3 [SPP CIP 2015 Workshop](#)
- 2-4 [WECC CUG & CIPUG Meetings](#)

NERC Submits Compliance Filing Relating to 2012 Performance Audit - May 15 - [NERC submitted a compliance filing with FERC](#) in response to [FERC's January 16, 2013 order approving a settlement agreement](#) arising out of [FERC's Office of Enforcement's 2012 performance audit of NERC](#). The compliance filing provides FERC with NERC's budget-to-actual variance information for the first quarter of 2015, as directed by the January 16 order.

NERC Requests \$600,000 Expenditure from Operating Reserves - May 15 - NERC [requested approval from FERC of an expenditure of up to \\$600,000](#) from its Operating Reserve to be used to develop and implement a corporate document management system. Any expenditure request in excess of \$500,000 for "unforeseen contingencies" is subject to NERC's Working Capital and Operating Reserves (WCOR) Policy, which requires approval from both NERC's Board of Trustees and FERC. The NERC Board approved the request on May 7, and it will be considered approved unless FERC issues an order denying the request within 30 days.

NERC Petitions FERC for Approval of Modified Physical Reliability Standard - May 15 - NERC submitted to FERC a [petition for approval](#) of proposed Reliability Standard CIP-014-2 (Physical Security). According to NERC, the proposed Reliability Standard modifies Requirement R1 of CIP-014-1 to remove ambiguity in the interpretation of the Requirement and allow entities to "focus on the critical impact of the facility on the operation of the Interconnection."

NERC Submits Supplemental Information to TOP/IRO Petition - May 12 - NERC submitted [supplemental information](#) relating to its [March 18 petition for approval](#) of nine proposed Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards. The supplemental filing addresses the removal of Load Serving Entities (LSEs) from the scope of proposed Reliability Standard TOP-001-3, which directs Transmission Operators and Balancing Authorities to issue Operating Instructions to other functional entities to "prevent instability, uncontrolled separation, or Cascading outages." NERC submits that, because LSEs' role in load curtailment occurs ahead of real-time, there would be no circumstances under which LSEs would need to comply with Operating Instructions to address these types of reliability risks.

Congress

U.S. House Energy & Commerce Committee Holds Hearing on Discussion Draft of Reliability Bill - May 19 - The House Energy & Commerce Committee held hearings on a [discussion draft of a reliability bill aimed at modernizing and protecting the nation's infrastructure](#). Presenters at the hearing included comments from various industry groups such as [Southern Company](#), [Exelon](#), and [LPPC](#), as well as [NERC](#) and [FERC](#).

Senate Energy and Natural Resources Committee Prepares for Comprehensive Energy Legislation - On May 14 and 15, the Senate Energy and Natural Resources Committee held hearings on a range of bills regarding [energy infrastructure \(May 14\)](#) and [energy supply \(May 15\)](#). A full listing of bills is available on each hearing's webpage; reliability-related bills include S.1219 (regarding interconnection of distributed resources). Chairman Lisa Murkowski (R-AK) has indicated that [there will be further hearings in anticipation](#) of comprehensive legislation.

Regional Developments

Regional Entity Business Plans and Budgets Posted - May 15 - [Preliminary business plans and budgets for all regional entities](#), as well as Peak Reliability and WIRAB, have been posted on NERC's website for review. More details on comment deadlines and anticipated FERC filings are available on the respective regional entity websites.

Peak Reliability Board of Directors Approves Alternative Funding Agreement - May 11 - Peak Reliability's Board of Directors [voted to approve an Alternative Funding Agreement](#), which will now be voted on by Peak membership. The alternative funding agreement is intended to resolve litigation over whether Peak Reliability may use Section 215 funding for its operations. The ballot window for voting on the Agreement by Peak membership began on May 22.

About Us

The Van Ness Feldman Electric Reliability Update is published by [Andrew Art](#), [Malcolm McLellan](#) and [Gabe Tabak](#), with assistance from [Chris Zentz](#), [Ilan Gutherz](#), and [Van Smith](#). [Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 202.298.1817 or 206.829.1814 for additional information. Click [here](#) to sign up for the Reliability Update. Follow us on Twitter [@VNFELECTRIC](#).

© 2015 Van Ness Feldman, LLP. All Rights Reserved. This document has been prepared by Van Ness Feldman for informational purposes only and is not a legal opinion, does not provide legal advice for any purpose, and neither creates nor constitutes evidence of an attorney-client relationship.