



Federal Energy Regulatory Commission
May 16, 2013
Open Commission Meeting
Staff Presentation
Item E-5

"Good morning Mr. Chairman and Commissioners,

"Today we will provide a summary of E-5, a draft Final Rule on Reliability Standards for Geomagnetic Disturbances. The draft Final Rule directs the North American Electric Reliability Corporation (NERC), pursuant to the Commission's authority under section 215(d)(5) of the Federal Power Act, to develop Reliability Standards that address the potential impacts of geomagnetic disturbances on the Bulk-Power System. The draft Final Rule directs NERC to develop and submit proposed Reliability Standards on this matter for Commission approval in two stages.

"In the first stage, the draft Final Rule directs NERC to develop and submit for approval one or more Reliability Standards that require owners and operators of the Bulk-Power System to develop and implement operational procedures to mitigate the effects of geomagnetic disturbances consistent with the reliable operation of the Bulk-Power System. The draft Final Rule directs NERC to submit the proposed First Stage GMD Reliability Standards within six months of the effective date of the draft Final Rule.

"In the second stage, the draft Final Rule directs NERC to develop and submit for approval one or more Reliability Standards that require owners and operators of the Bulk-Power System to conduct initial and on-going assessments of the potential impact of "benchmark GMD events" on Bulk-Power System equipment and the Bulk-Power System as a whole. These "benchmark GMD events" should specify what severity GMD events a responsible entity must assess for potential impacts on the Bulk-Power System. Based on those assessments, the Reliability Standards should require owners and operators of the Bulk-Power System to develop and implement a plan to protect against instability, uncontrolled separation, or cascading failures of the Bulk-Power System, caused by damage to critical or vulnerable Bulk-Power System equipment, or otherwise, from a benchmark GMD event. The draft Final Rule does not require NERC to adopt a particular type of GMD mitigation plan. However, the development of the plans cannot be limited to considering operational procedures or enhanced training alone. Instead, subject to the needs identified in the assessments, the plan should contain strategies for protecting against the potential impact of benchmark GMD events based on factors such as the age, condition, technical specifications, or location of specific equipment. The draft Final Rule directs NERC to submit the proposed Second Stage GMD Reliability Standards within 18 months of the effective date of the draft Final Rule.

"The draft Final Rule addresses issues raised in the NOPR comments. To allow more time for the NERC standards development process, the draft Final Rule extends the deadline for submitting the First Stage GMD Reliability Standards from 90 days, as proposed in the NOPR, to six months. The draft Final Rule also extends the deadline for submitting the Second Stage GMD Reliability Standards from 6 months, as proposed in the NOPR, to 18 months. The draft Final Rule also focuses the scope of the Second Stage GMD Reliability Standards by directing NERC to identify "benchmark GMD events" that define the severity of GMD events that responsible entities need to assess and mitigate against. And the final rule clarifies that the NOPR was not proposing to require any specific technology or type of GMD mitigation as part of the Second Stage GMD Reliability Standards, and the draft final rule does not direct NERC to adopt any specific technology in its Reliability Standards. The draft final rule further clarifies the Commission's goal in directing NERC to address the potential impacts of geomagnetic disturbances on the Bulk-Power System by stating that the GMD Reliability Standards should include Requirements whose goal is to prevent instability, uncontrolled separation, or cascading failures of the Bulk-Power System when confronted with a benchmark GMD event. However, given that the scientific understanding of GMDs is still evolving, the draft Final Rule recognizes that compliance with such Requirements cannot prevent instability, uncontrolled separation, or cascading failures in all cases.

"This concludes our presentation, we are happy to take any questions you may have."