

Summer 2004

Reliability Workshop

Federal Energy Regulatory Commission

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- Readiness Audit Program
 - Objectives and description
 - Status
 - Next steps
- Reliability Standards
 - Version 0
 - Additional priority standards
 - Streamlined standards process
- Assistance Needed



Description of audit program

- Audit reliability readiness of all reliability coordinators and control areas on 3-year cycle
- Audit procedure
 - Team of experts
 - Questionnaires to control area, neighbors, and reliability coordinator
 - Site visit
 - Exit interview
 - Draft report
 - Final public report



Audited entities

- PJM
- Midwest ISO (Carmel)
- FirstEnergy
- Florida P&L
- Xcel Energy/NSP
- AEP
- Northern Illinois CA (Com Ed)
- Southern
- Ameren
- The IMO (Ontario)
- Midwest ISO (St. Paul)
- New York ISO
- TVA
- Michigan Electric Coordinating System
- WE Energies
- CINergy
- ISO New England
- Entergy
- Oklahoma Gas & Electric
- Los Angeles DWP
- Louisville Gas & Electric
- City of Tacoma Utilities
- Duke
- Dominion



Preliminary observations

- Best practices
 - Training programs
 - Hot standby backup control centers
 - Reactive ACE monitoring
 - Off-site voltage control for nuclear power plants
- Areas for improvement
 - Training programs
 - Backup control centers
 - Communications
 - Authority issues
 - Voltage management



Next Steps

- Review and update process
 - Team leads and FERC auditors met early July
- Summarize key audit findings
 - Reliability trends
 - Best practices
- Build sense of “community”
 - All are affected by performance of one
 - Excellence in the industry
- Schedule 28 more audits for 2004



Reliability Standards, Version 0, and More



Accelerated Standards Transition

- August 14 message: need clear and measurable standards:
 - US/Canada TF recommendations 1, 17, 25
 - FERC reliability policy statement and May 14 technical conference
- Multiple sets of 'reliability rules'
 - Operating policies, planning standards, compliance templates, new standards
 - Industry volunteer resources spread too thin
- Minimize transition impacts and ensure reliability continuity



Goal for Version 0

- Restate existing Operating Policies and Planning Standards in terms of the functional model
- Incorporate the recently approved compliance templates
- Separate out business practice standards to be developed by NAESB
- Add clarity to standards
- Minimize changes in substantive content from existing standards
- Use existing ANSI-accredited process



Version 0 Status

- SAC and STMT approved plan in April
- Board of Trustees approved accelerated standards transition plan – June 15
- Version 0 posted for 30-day comment period – July 9
- Version 0 discussion at standing committee meetings – July 20-22
- Revised draft posted for comment – Sep 2004
- Standing Committee consideration – Nov 2004
- Ballot – Nov 2004
- Board of Trustees approval – Feb 2005



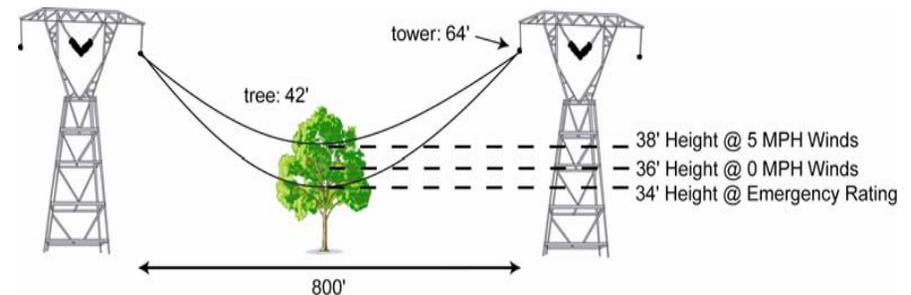
Cyber Security Standard

- Interim Urgent Action Standard
 - Voting closed on one-year extension yesterday
 - One-year extension passed, but . . . *
 - BOT approval of extension prior to August 13
 - Self-certification Feb 2004
 - Self-certification to be repeated 1Q 2005
- Permanent cyber security standard
 - Drafting team formed and being expanded
 - SAC approved starting standard drafting
 - BOT consideration by August 2005



Vegetation Management Standard

- NERC board directive to develop standard on vegetation clearances
- US-Can TF: NERC should develop standard defining minimum clearances between vegetation and energized conductors
- FERC reliability policy statement
- Approach:
 - Leverage prior analysis and established good practices
 - SAR posted for comment
 - Expert drafting team being formed



Additional Priority Standards

- Operator training
- Operating tools
- Organization certification
- Line (facility) ratings
- System protection (zone 3, UFLS, UVLS)
- Voltage control and reactive reserves
- Operating reserves
- Data synchronization, recording, retention



Streamline Standards Process

- Goals

- Retain ANSI accreditation and principles
- Streamline NERC administrative procedures, e.g.
 - More complete initial standards requests
 - Validate steps completed
 - More efficient use of resources

- Approach:

- Empower SAC to recommend revisions to administrative procedures for BOT approval
- Fundamental tenets posted to ballot body for comment and ballot prior to BOT adoption

- Progress

- Proposed manual revision posted for public comment
- Ballot in August 2004
- BOT consideration in October 2004



Need for Reliability Legislation

- *“The single most important step in the United States is for the U.S. Congress to enact the reliability provisions in the pending energy bills (H.R. 6 and S. 2095).”* — U.S.-Canada Power System Outage Task Force, April 2004.
- Policymakers can make a difference

