



Federal Energy Regulatory Commission

October 18, 2012

Open Commission Meeting

Staff Presentation

Items E-2 & E-3

"Good morning Mr. Chairman and Commissioners,

"Today we will provide a summary of E-2, a draft Notice of Proposed Rulemaking on Reliability Standards for Geomagnetic Disturbances, and E-3, a draft Notice of Proposed Rulemaking on Transmission Vegetation Management Reliability Standard, FAC-003-2.

"Item E-2 is a draft Notice of Proposed Rulemaking that 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 proposals contained in the Notice of Proposed Rulemaking draw from information developed at the April 30, 2012 Technical Conference on geomagnetic disturbances, as well as from government-sponsored and industry studies on geomagnetic disturbances, including NERC's February 2012 interim report on geomagnetic disturbances.

"The draft Notice of Proposed Rulemaking proposes that NERC develop and submit proposed Reliability Standards on this matter for Commission approval in two stages.

"In the first stage, NERC would 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.

"In the second stage, NERC would 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 geomagnetic disturbances on Bulk-Power System equipment and the Bulk-Power System as a whole. Based on those assessments, the Reliability Standards would require owners and operators of the Bulk-Power System to develop and implement a plan so that instability, uncontrolled separation, or cascading failures of the Bulk-Power System, caused by damage to critical or vulnerable Bulk-Power System equipment, or otherwise, will not occur as a result of a geomagnetic disturbance. This plan could not be limited to operational procedures or enhanced training alone, but would, subject to the needs identified in the assessments, contain strategies for protecting against the potential impact of geomagnetic disturbances based on factors such as the age, condition, technical specifications, or location of specific equipment.

"Item E-3 is a draft Notice of Proposed Rulemaking that proposes to approve a revised Transmission Vegetation Management Reliability Standard, FAC-003-2, submitted by NERC, to replace the currently-effective Vegetation Management standard. The Notice of Proposed Rulemaking highlights improvements of the proposed standard such as expanded applicability to include overhead transmission lines operated below 200 kV if they are either part of an Interconnection Reliability Operating Limit or a Major WECC Transfer Path. The proposed standard would also require annual vegetation inspections and would incorporate new minimum vegetation clearance distances into the text of the standard.

"While the Notice of Proposed Rulemaking proposes to approve the standard as submitted by NERC, including the proposed minimum vegetation clearance distances, the Notice of Proposed Rulemaking proposes to direct that NERC conduct or commission testing to obtain empirical data that either confirms the minimum vegetation clearance distances set out in FAC-003-2 or gives reason to revisit those clearances.

“Comments for both proposals are due within 60 days of their publication in the Federal Register.

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

