

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Facilities, Design, Connections and Maintenance)
Mandatory Reliability Standards)**

Docket No. RM07-3-000

**COMMENTS OF
THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

I. INTRODUCTION

The Independent Electricity System Operator of Ontario (“IESO”) ¹ respectfully submits these comments on the Commission’s Notice of Proposed Rulemaking on *Facilities, Design, Connections and Maintenance Mandatory Reliability Standards* (the “NOPR”).²

These comments are additional to those submitted to the Commission in this docket by the ISO/RTO Council (“IRC”) and joint comments filed with the New York Independent System Operator, to which the IESO was a signatory.

II. BACKGROUND

On November 15, 2006, the North American Electric Reliability Corporation (“NERC”) submitted three new FAC and 20 revised Reliability Standards to the Commission for approval. The Commission is now proposing to approve the three new

¹ The IESO is a not-for-profit corporation without share capital having statutory responsibility for developing and administering the wholesale electricity markets and directing the operation and maintaining the reliability of the integrated power system within the province of Ontario. The IESO was established on April 1, 1999 as the Independent Electricity Market Operator under the Electricity Act, 1998 (Ontario) and was continued under its current name on January 1, 2005. The IESO is subject to oversight by the Ontario Energy Board, and specifically not by the Commission.

² *Facilities, Design, Connections and Maintenance Mandatory Reliability Standards*, 120 FERC ¶ 62,155 (August 13, 2007) (the “NOPR”).

FAC Reliability Standards developed by NERC³ and described as follows:

- FAC-010-1 (System Operating Limits Methodology for the Planning Horizon);
- FAC-011-1 (System Operating Limits Methodology for the Operations Horizon); and
- FAC-014-1 (Establish and Communicate System Operating Limits).⁴

In its November submission to the Commission, NERC also proposes the addition or revision of the several terms⁵ in the NERC Glossary of Terms Used in Reliability Standards (NERC glossary)

III. COMMENTS

The following comments deal with the approval of the FAC-010-1, -011-1 and -014-1 Reliability Standards. The Commission proposes to approve Reliability Standards FAC-010-1, FAC-011-1 and FAC-014-1 as mandatory and enforceable Reliability Standards⁶ within the United States. The IESO concurs with the Commission's proposal, as we believe the standards meet the Commission's requirements⁷ for such approval. Unlike Reliability Standards developed by the ERO today, these standards were developed before the existence of the ERO and Orders 672 and 693, although NERC approval occurred after Order 672.

³ On February 3, 2007, the Commission issued Order No. 672 in which NERC was certified as the Electric Reliability Organization ("ERO"). *North American Electric Reliability Corp.*, 116 FERC ¶ 61,602 (ERO Certification Order), *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030 (January 2007).

⁴ NOPR at P 4.

⁵ NOPR at P 5.

⁶ NOPR and P15, 28 and 37.

⁷ Order 672 at P262 and P321-337

Order 672 includes guidance to the ERO and the industry in what constitutes an acceptable standard in the eyes of the Commission. In this regard, the IESO believes that these three FAC standards “raise the bar” by requiring planning authorities and reliability coordinators to utilize a defined set of contingency criteria when establishing SOLs and require appropriate communications. We concede, from our perspective of operating within NPCC⁸, that FAC-011-1 should require more stringent criteria consistent with FAC-010-1 (R2.4) and similar to Category C criteria listed in Table 1 of TPL-003. From our operating experience as a member of NPCC, multiple contingencies occur as a matter-of-fact and should be considered a recognized contingency in the day-to-day operation of the bulk power system. Furthermore, there needs to be consistency with the requirements that apply for the longer-term planning horizon, as in the case of FAC-010, given the fact that the bulk power system is subject to the same set of probable contingencies regardless of the time frame and the objective of the reliability assessment or operating calculation study.

In Order 693, the Commission recognized the sensitivity⁹ with respect to existing standards that are already being followed on a voluntary basis or, in Ontario’s case, on a mandatory basis. As of October 1, 2007, both the FAC-010-1 and FAC-011-1 Reliability Standards will be mandatory and enforceable in Ontario. Similar to the 102 Reliability Standards included in NERC’s August 28, 2006 filing requesting Commission approval, these three FAC standards are also unique with respect to their current

⁸ NPCC Document A-2, “Basic Criteria for Design and Operation Of Interconnected Power Systems” includes consistent criteria for the transmission design (Section 5.0) and normal transfers for transmission operating (Section 6.0) in real-time. Thus, SOL and IROLs are developed using consistent and transparent set of criteria in both the planning and operating time horizons.

⁹ Order 693 at P30-32

enforcement nature in North America and their development time-period. We note that Reliability Standards under development today consider applicable regulatory approval in the triggering of each standard's effective date, while FAC-10-1 and FAC-011-1 had fixed effective dates of less than one-year. Thus, the industry is faced with a situation of inconsistent implementation of Reliability Standards in North America if a jurisdiction chooses to remand or delay approving these standards at this time.

The Commission has previously affirmed four possible courses of action that it will take with regard to a Reliability Standard.¹⁰ In this regard, the IESO urges the Commission to at a minimum approve the FAC standards and direct the ERO to modify the Reliability Standards pursuant to the Commission's established statutory authority in section 215(d)(5). However, the Commission must allow NERC and the industry to utilize ERO Reliability Standards development procedure to address the Commission's, or any other regulator's concerns.¹¹ This solution allows for the consistent implementation of ERO Reliability Standards in North America, while also allowing the Commission to provide direction to the ERO in making the necessary improvements to the Reliability Standards.

¹⁰ Order 693 at P184

¹¹ Order 693-A, P40 states that the Commission may provide specific directions on the modification of a reliability standard but only "to provide useful guidance to assist in the Reliability Standards development process."

IV. CONCLUSION

For the reason set forth above, we respectfully requests that the Commission adopt the recommendations set forth above and expeditiously issue a final rule in this proceeding.

Respectfully submitted,

/s/ Kim Warren

Kim Warren

Manager, Regulatory Affairs

Independent Electricity System

Operator of Ontario

655 Bay Street, Suite 410

Toronto, Ontario, M5G-2K4

September 21, 2007