

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

Cedar Creek Wind Energy, LLC	)	Docket No. RC11-1-___
	)	
Milford Wind Corridor Phase I, LLC	)	Docket No. RC11-2-___

**ANSWER OF NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

The North American Electric Reliability Corporation (“NERC”) submits an answer to the comments filed in the above dockets on December 23, 2011 (“Comments”) by the Electric Power Supply Association (“EPSA”), the Edison Electric Institute (“EEI”) and the American Wind Energy Association (“AWEA”) (collectively, “Commenters”).<sup>1</sup>

In orders issued on June 16 and November 17, 2011, the Commission directed NERC to submit for approval a compliance filing that included Reliability Standards applicable to two registered entities: Cedar Creek Wind Energy, LLC (“Cedar Creek”) and Milford Wind Corridor Phase I, LLC (“Milford”), and identified certain specific Reliability Standards to be included in that list along with additional ones, as needed. The Commission properly declined to prejudge the outcome of reliability standard development process projects underway on a more generic basis.<sup>2</sup>

On December 2, 2011, NERC submitted a compliance filing in these proceedings (“Compliance Filing”) which included a list of Reliability Standards applicable to Cedar Creek and Milford. The Compliance Filing also included a number of agreed upon provisions including those that indicate the circumstances under which the list of applicable standards

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<sup>1</sup> To the extent necessary, NERC requests leave to file this answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 213. This answer will provide information that will assist the Commission in its decision-making process.

<sup>2</sup> *Cedar Creek Wind Energy, LLC et al.*, 135 FERC ¶ 61,241 (2011) (“June 16 Order”) and *Cedar Creek Wind Energy, LLC et al.*, 137 FERC ¶ 61,141 (2011) (“November 17 Order”).

would be revised. Notably, the Compliance Filing notes that the list of applicable Reliability Standards was subject to revision as a result of applicable FERC orders that relate to existing, pending or new Reliability Standards and requirements, applicable to a TO or TOP function.<sup>3</sup> In addition, the Compliance Filing notes that, if future initiatives result in a minimum list of applicable Reliability Standards that are different from the one included in the Compliance Filing, the parties would request necessary approvals to modify the list applicable to Cedar Creek and Milford.

Yet, Commenters have asked the Commission to reject a portion of the list of applicable Reliability Standards included in the Compliance Filing and have expressed concern regarding the provisions related to future modifications to the list of applicable Reliability Standards. Specifically, Commenters request that the Commission direct NERC to “implement the entire scope of Project 2010-07 – Generator Requirements at the Transmission Interface (“Project 2010-07”)<sup>4</sup> rather than the list the parties were directed to negotiate and file in accordance with the Commission’s orders.<sup>5</sup> Commenters also request that the Commission provide guidance regarding a draft directive related to the applicability of Reliability Standards to owners and operators of certain types of transmission facilities that is currently being discussed at NERC. These requests are inappropriate and should be rejected by the Commission for a number of reasons.

First, the instant dockets are not the proper forum to resolve any issues related to Project 2010-07 or the current draft directive, which are initiatives designed to address the issue of Reliability Standards applicable to generator owners and operators that own and operate certain types of transmission facilities on a generic basis. In fact, the scope of the instant dockets is

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<sup>3</sup> Compliance Filing at p. 2.

<sup>4</sup> Comments at p. 2.

<sup>5</sup> Compliance Filing at p. 4.

clearly limited to resolving the scope of the Reliability Standards that should apply to Cedar Creek and Milford.<sup>6</sup> Therefore, the Commenters' references to Project 2010-07 and their request that the Commission direct NERC to adopt Project 2010-07 exceed the scope of the issues being decided in this case as well as the scope of the Compliance Filing. They are also a collateral attack on the prior orders in these dockets which made it abundantly clear that these issues would not be addressed here.

Project 2010-07 is being developed in accordance with the NERC Rules of Procedure and any modifications to Reliability Standards that result from the project will be brought to the Commission at the appropriate time. Similarly, any issues related to the scope of Project 2010-07 can and should be addressed at that time. As the Commission recognized in the orders issued in the instant dockets, both Cedar Creek and Milford meet the criteria for registration as transmission owners and operators and, therefore, should be subject to certain Reliability Standards applicable to those functions as of the date of their registration.<sup>7</sup> The application of a set of Reliability Standards that may become effective at a future date upon the completion of Project 2010-07 to these entities or any others is not appropriately before the Commission in these proceedings.

As a result, it is premature to discuss the scope of Project 2010-07 in these proceedings. It is also inappropriate to address these issues that are outside of the scope of these proceedings and the instant Compliance Filing, which is limited to defining the subset of Reliability

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<sup>6</sup> See November 17 Order at P 27: "The Reliability Standard Requirements that we imposed in these proceedings only apply to Cedar Creek and Milford. That order made no finding as to their applicability to other generator owners or operators. Any generator owner or operator has the opportunity to participate in Project 2010-07 to propose which standards should be applicable to generator interconnection lines;" and June 16 Order at P 90 (recognizing that application of transmission owner/operator Reliability Standards more generally is an issue not appropriately addressed in the context of these two registration appeals.)

<sup>7</sup> November 17 Order at P 20; June 16 Order at PP 58, 71, 87.

Standards applicable immediately to two specific entities that have been registered as transmission owners and operators.

Commenters also request that the Commission provide guidance regarding a draft directive that is being discussed by NERC and the industry as an interim measure to close the existing reliability gap pending the completion of the work in Project 2010-07. Commenters' request for generic guidance regarding the draft direct also is inappropriate because the applicability of Reliability Standards to other entities is beyond the scope of these proceedings.

Overall, the Commenters' concerns regarding how the list of applicable Reliability Standards is to be modified in the future, either as a result of Project 2010-07 or any other initiative, are premature. As the Commenters recognize, modifications to the list of applicable Reliability Standards will require Commission review.<sup>8</sup> Any issues regarding any revised list of applicable standards can and should be raised at the time any revisions are submitted to the Commission.

Moreover, the agreement of the parties in this proceeding regarding the manner in which the list of applicable standards is to be modified is fully consistent with the Commission's orders in this case because it is intended to provide certainty with respect to the scope of the parties' immediate responsibilities that result from the current registration of Milford and Cedar Creek as transmission owners and operators recognizing there are efforts underway to address the issue of Reliability Standards applicable to generator owners and operators owning and operating transmission facilities on a industry-wide basis.<sup>9</sup> Consistent with the Commission's orders, the Compliance Filing does not prejudice the outcome of any such efforts or how they would result in

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<sup>8</sup> Comments at p. 2.

<sup>9</sup> June 16 Order at P 90.

modifications to the applicable list of Reliability Standards for Cedar Creek and Milford or their registration status in the future.

Finally, the list of applicable Reliability Standards submitted as part of the Compliance Filing, as well as the other provisions contained therein reflect the agreement of NERC, Cedar Creek and Milford, and the relevant Regional Entity, the Western Electricity Coordinating Council (“WECC”). The scope of these proceedings, as made clear in the most recent Commission order in this matter, is limited to these two registered entities.<sup>10</sup> Therefore, the Commission should not disrupt the agreement of the affected parties based on the comments of unaffected third parties.

In conclusion, Commenters are merely seeking to anticipate (and apparently have the Commission prejudge) the outcome of Project 2010-07, a process that is taking its course in accordance with the NERC Rules of Procedure and improperly broaden the scope of this matter by requesting that the Commission address industry-wide issues that are not ripe for review. These requests were rejected in prior orders in these proceedings and should be rejected again. As discussed herein, it would be inappropriate and harmful to disrupt the agreed upon resolution of two specific registration appeals which affect only the two registered entities named. For those reasons, the Commission should disregard the comments and accept the Compliance Filing in its entirety.

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<sup>10</sup> See note 6, above.

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Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 11th day of January, 2012.

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