



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 6, 2009

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Standards for Business Practices and Communication Protocols for Public Utilities*, Docket No. RM05-5-013

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”)¹ provides these comments in response to the February 19, 2009 North American Energy Standards Board (“NAESB”) filing in the above-referenced proceeding. NERC wishes to both express support for the content of that filing and report that coordination with NAESB is continuing to be beneficial to both organizations.

NERC additionally offers comments on a related issue that has arisen during the NERC/NAESB coordination efforts and is reflected within the NAESB filing.² NERC’s MOD-004-1 Reliability Standard (currently pending before the Federal Energy Regulatory Commission (“Commission”)) includes, in part, the following requirement:

R12. The Transmission Service Provider that maintains [Capacity Benefit Margin] CBM shall approve, within the bounds of reliable operation, any Arranged Interchange using CBM that is submitted by an “energy deficient entity” under an [Energy Emergency Alert] EEA 2 if:

R12.1. The CBM is available

R12.2. The EEA 2 is declared within the Balancing Authority Area of the “energy deficient entity,” and

R12.3. The Load of the “energy deficient entity” is located within the Transmission Service Provider’s area.

¹ NERC has been certified by the Commission as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. The Commission certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

² See *Standards for Business Practices and Communication Protocols for Public Utilities*, “Report of the North American Energy Standards Board,” at p.7 n.23, Docket No. RM05-17-000, *et al.* (February 19, 2009).

The intent of this requirement is to ensure that an entity in need of CBM during an EEA can schedule any CBM that is available, regardless of whether or not it was requested prior to use. NERC believes this to be consistent with the definition of CBM as well as views expressed by Commission staff in the past.

The NAESB Business Practice includes the following language (items contained within parenthesis have been added for clarity):³

004-n.2 The Transmission Service Provider (TSP) may require the specification of a unique Transmission Reservation Number in association with any request for use of CBM. Such requirement shall be fully documented in the Transmission Service Provider's Business Practices posted on OASIS. The TSP reserves the right to deny any RFI (Request for Interchange) requesting use of CBM if the required Transmission Reservation Number is not specified.

NERC notes that the reservation of right for a Transmission Service Provider to deny an RFI requesting use of CBM if the required Transmission Reservation Number is not specified **may** result in situations where a NERC standard requires a Transmission Service Provider to approve a transaction, while the NAESB business practice **allows, but does not require** them to deny that transaction if a Transmission Reservation Number is not specified. NERC also recognizes that the Commission directive asking NAESB to develop a mechanism for tracking the use of CBM may require such information.

NERC and NAESB have discussed this language thoroughly. At this time, while the possibility for conflict exists, it is uncertain if such conflicts will actually materialize. Assuming the NERC Reliability Standard is approved by the Commission as written, entities will be subject to a potential violation if such Interchange schedules are denied. Both organizations have agreed if it is determined a conflict exists between the two standards, the organizations will work together to address the conflict.

NERC appreciates the opportunity to submit these comments.

Respectfully submitted,

/s/ Rebecca J. Michael

Rebecca J. Michael
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³ See 2008 WEQ Annual Plan Items 2.b.iii.1-3 Final Action: Capacity Benefit Margin (CBM) (Ratified December 15, 2008).