

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

**ELECTRIC RELIABILITY ORGANIZATION
PROPOSAL TO RETIRE REQUIREMENTS IN
RELIABILITY STANDARDS**

DOCKET No. RM13-8-000

**COMMENTS OF NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION**

The National Rural Electric Cooperative Association (“NRECA”) respectfully submits comments in response to the Notice of Proposed Rulemaking (“NOPR”) issued by the Federal Energy Regulatory Commission (“Commission”) in this proceeding on June 20, 2013, and published in the Federal Register on June 28, 2013. NRECA commends the Commission’s proposal to approve the retirement of 34 requirements within 19 Reliability Standards identified by the North American Electric Reliability Corporation (“NERC”) and withdraw 41 outstanding Commission directives that NERC develop modifications to Reliability Standards. NERC’s proposal arises out of the Commission’s admonition that NERC identify Reliability Standards requirements that it believes are “unnecessary and redundant” and “should be revised or removed.”¹

As the Commission indicated in the NOPR, the retirement of these requirements and the withdrawal of the Commission’s outstanding directives “will enhance the efficiency of the ERO compliance program, as well as the efficiency of individual registered entity compliance

¹ *North American Electric Reliability Corporation*, 138 FERC ¶ 61,193 at P 81 (2012).

programs.”² In addition, NRECA strongly encourages both NERC and the Commission to consider the retirement of other unnecessary requirements in later phases of this project or in other projects to further enhance the efficiency of NERC and registered entity compliance programs.

I. DESCRIPTION OF NRECA

NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric energy to approximately 42 million people in 47 states or 12 percent of electric customers. Kilowatt-hour sales by rural electric cooperatives account for approximately 11 percent of all electric energy sold in the United States. NRECA members generate approximately 50 percent of the electric energy they sell and purchase the remaining 50 percent from non-NRECA members. The vast majority of NRECA members are not-for profit, consumer-owned cooperatives. NRECA’s members also include approximately 65 generation and transmission (“G&T”) cooperatives, which generate and transmit power to 668 of the 841 distribution cooperatives. The G&Ts are owned by the distribution cooperatives they serve. Remaining distribution cooperatives receive power directly from other generation sources within the electric utility sector. Both distribution and G&T cooperatives were formed to provide reliable electric service to their owner-members at the lowest reasonable cost. Many of NRECA’s members are Registered Entities, subject to NERC’s jurisdiction as Transmission Owners, Transmission Operators, Distribution Providers, and Load-Serving Entities.

² Notice of Proposed Rulemaking, “Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards,” 143 FERC ¶ 61,251, at P 15 (2013) (“NOPR”).

II. COMMENTS

NRECA commends the Commission's proposal to approve the retirement of 34 requirements within 19 Reliability Standards and the withdrawal of 41 outstanding Commission directives that NERC develop modifications to Reliability Standards. The joint effort by NERC, the Regional Entities, the Commission, and the industry to identify those requirements that (1) provide little protection for Bulk-Power System Reliability or (2) are duplicative of other Reliability Standards or requirements will allow NERC and industry stakeholders to hone their focus on those issues that pose the greatest risk to reliability. This will allow NERC and the industry stakeholders to put their resources to better, more efficient use and will help ensure that the costs of reliability are proportionate to the benefits. It also will result in fewer possible violations, a reduced compliance burden on registered entities, and allow NERC and the regions to more appropriately allocate their enforcement resources to matters in which Bulk-Power System Reliability is most at risk.

In addition to commending NERC's petition and the Commission's proposed rulemaking, NRECA strongly encourages NERC and the Commission to expeditiously consider the retirement of additional requirements in the future. As NERC notes in its Petition in this proceeding, "NERC has over 150 mandatory and enforceable Reliability Standards that contain over 1,300 requirements."³ The proposed retirement of 34 requirements in this proceeding is encouraging, but more work can be done given the sheer number of requirements that are in effect. In fact, the standards drafting team had identified 79 requirements in 31 Reliability

³ Petition of the North American Electric Reliability Corporation for Approval of Retirement of Requirements in Reliability Standards, Docket No. RM13-8-000, http://elibrary.ferc.gov/idmws/file_list.asp?document_id=14093963 at page 4 (Feb. 28, 2013).

Standards for retirement in the original standards authorization request, and nearly half were “deferred to a subsequent phase.”⁴ Although NRECA understands the importance of NERC’s efforts to propose this small batch of retirements as expeditiously as possible, NRECA urges NERC, in collaboration with industry stakeholders and the Regional Entities, to continue to review and propose addition retirements of unnecessary or redundant Reliability Standard requirements without delay in a future phase of this standards development project or in other projects.⁵

As noted by both NERC and the Commission, the retirement of requirements that provide little protection for Bulk-Power System reliability or are duplicative of other Reliability Standards requirements enhances the efficiency of NERC and the registered entities’ compliance programs without creating any gap in reliability protection. By reducing the number of requirements to which registered entities are subject, NERC and the Commission free up resources that can better be expended in efforts to address issues that pose the greatest risk to Bulk-Power System reliability.

⁴ See “Spreadsheet with Proposed Retirements,” Standards Development Project. 2013-02, http://www.nerc.com/pa/Stand/Project%20201302%20Paragraph%2081%20DL/Proposed_Retirements_Phase_1_10-24-12.xlsx (Oct. 25, 2012).

⁵ As the standards drafting team explained in the response to comments as to the scope of the requirements proposed for retirement in this phase of the project, “[t]he SDT acknowledges ACES Standards Collaborators’ concern that deferring requirements to Phase 2 may be viewed as overly conservative, and the SDT notes that the requirements proposed in Phase 1 were influenced by the collaborative and expedited nature of Phase 1.” “Consideration of Comments Project 2013-02 Paragraph 81,” Standards Development Project. 2013-02, http://www.nerc.com/pa/Stand/Project%20201302%20Paragraph%2081%20RF/Comment_Report_2013-02_P81_final_responses_for_posting_01-05-13.pdf at page 9.

III. CONCLUSION

WHEREFORE, NRECA respectfully requests that the Commission consider its comments and approve the proposed rule.

Respectfully submitted,

NATIONAL RURAL ELECTRIC COOPERATIVE
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