

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission****18 CFR Part 40****[Docket No. RM13–8–000]****Electric Reliability Organization Proposal To Retire Requirements in Reliability Standards****AGENCY:** Federal Energy Regulatory Commission, DOE.**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Pursuant to section 215 of the Federal Power Act, the Commission proposes to approve the retirement of 34 requirements within 19 Reliability Standards identified by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization. The requirements proposed for retirement either: Provide little protection for Bulk-Power System reliability or are redundant with other aspects of the Reliability Standards. In addition, the Commission proposes to withdraw 41 outstanding Commission directives that NERC develop modifications to Reliability Standards. The Commission believes that the identified outstanding directives have either been addressed in some other manner, are redundant with another directive or provide general guidance as opposed to a specific directive and, therefore, that withdrawal of these outstanding directives will have little impact the reliability of the Bulk-Power System. This proposal is part of the Commission's ongoing effort to review its requirements and reduce unnecessary burdens by eliminating requirements that are not necessary to the performance of the Commission's regulatory responsibilities.

**DATES:** Comments are due August 27, 2013.**ADDRESSES:** Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not a scanned format.

- *Mail/Hand Delivery:* Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE., Washington, DC 20426.

*Instructions:* For detailed instructions on submitting comments and additional

information on the rulemaking process, see the Comment Procedures Section of this document.

**FOR FURTHER INFORMATION CONTACT:**

Kevin Ryan (Legal Information), Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426, Telephone: (202) 502–6840. Michael Gandolfo (Technical Information), Office of Electric Reliability, Division of Reliability Standards and Security, Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426, Telephone: (202) 502–6817.

**SUPPLEMENTARY INFORMATION:****Notice of Proposed Rulemaking***(Issued June 20, 2013)*

1. Pursuant to section 215(d) of the Federal Power Act (FPA),<sup>1</sup> the Commission proposes to approve the retirement of 34 requirements within 19 Reliability Standards identified by the North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO). The proposed retirements meet the benchmarks set forth in the Commission's March 15, 2012 order that requirements proposed for retirement either: (1) Provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards.<sup>2</sup> Consistent with the Commission's proposal in the March 2012 Order, we believe that the requirements proposed for retirement can "be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program."<sup>3</sup> We seek comment on our proposal to approve the retirement of the 34 requirements identified by NERC.

2. In addition, we propose to withdraw 41 outstanding Commission directives that NERC develop modifications to Reliability Standards. In Order No. 693 and subsequent final rules, the Commission has identified various issues and directed NERC to develop modifications to the Reliability Standards or take other action to address those issues.<sup>4</sup> While NERC has

<sup>1</sup> 16 U.S.C. 824o(d) (2006).

<sup>2</sup> See *North American Electric Reliability Corp.*, 138 FERC ¶ 61,193, at P 81 (March 2012 Order), *order on reh'g and clarification*, 139 FERC ¶ 61,168 (2012).

<sup>3</sup> *Id.* P 81.

<sup>4</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693–A, 120 FERC ¶ 61,053 (2007). See also *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total*

addressed many of these directives, over 150 directives remain outstanding. Some of the outstanding directives may no longer warrant action to assure reliability of the Bulk-Power System and should be withdrawn. We have identified 41 outstanding directives to withdraw based on the following three guidelines: (1) Whether the reliability concern underlying the outstanding directive has been addressed in some manner, rendering the directive stale; (2) whether the outstanding directive provides general guidance for standards development rather than a specific directive; and (3) whether the outstanding directive is redundant with another directive. The 41 outstanding directives we propose to withdraw are listed in Attachment A to this Notice of Proposed Rulemaking (NOPR). The withdrawal of these directives will enhance the efficiency of the Reliability Standards development process, with little or no impact on Bulk-Power System reliability.

3. Pursuant to Executive Order 13579, the Commission issued a plan to identify regulations that warrant repeal or modification, or strengthening, complementing, or modernizing where necessary or appropriate.<sup>5</sup> In the Plan, the Commission also stated that it voluntarily and routinely, albeit informally, reviews its regulations to ensure that they achieve their intended purpose and do not impose undue burdens on regulated entities or unnecessary costs on those entities or their customers. The proposal in this NOPR is a part of the Commission's ongoing effort to review its requirements and reduce unnecessary burdens by eliminating requirements that are not necessary to the performance of the Commission's regulatory responsibilities.

**I. Background****A. Section 215 of the FPA**

4. Section 215 of the FPA requires the Commission-certified ERO to develop mandatory and enforceable Reliability

*Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on clarification*, Order No. 729–A, 131 FERC ¶ 61,109 (2010), *order on reh'g and reconsideration*, Order No. 729–B, 132 FERC ¶ 61,027 (2010).

<sup>5</sup> Plan for Retrospective Analysis of Existing Rules, Docket No. AD12–6–000 (Nov. 8, 2011). Executive Order 13579 requests that independent agencies issue public plans for periodic retrospective analysis of their existing "significant regulations." Retrospective analysis should identify "significant regulations" that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in order to achieve the agency's regulatory objective.

Standards, subject to Commission review and approval. Once approved, the Reliability Standards may be enforced in the United States by the ERO subject to Commission oversight, or by the Commission independently.<sup>6</sup> Pursuant to the requirements of FPA section 215, the Commission established a process to select and certify an ERO<sup>7</sup> and, subsequently, certified NERC as the ERO.<sup>8</sup>

#### B. March 2012 Order

5. In the March 2012 Order, the Commission accepted, with conditions, NERC's "Find, Fix, Track and Report" (FFT) initiative. The FFT process, *inter alia*, provides NERC and the Regional Entities the flexibility to address lower-risk possible violations through an FFT informational filing as opposed to issuing and filing a Notice of Penalty. In addition, the Commission raised the prospect of revising or removing requirements of Reliability Standards that "provide little protection for Bulk-Power System reliability or may be redundant."<sup>9</sup> Specifically, the Commission stated:

The Commission notes that NERC's FFT initiative is predicated on the view that many violations of requirements currently included in Reliability Standards pose lesser risk to the Bulk-Power System. If so, some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program. If NERC believes that specific Reliability Standards or specific requirements within certain Standards should be revised or removed, we invite NERC to make specific proposals to the Commission identifying the Standards or requirements and setting forth in detail the technical basis for its belief. In addition, or in the alternative, we invite NERC, the Regional Entities and other interested entities to propose appropriate mechanisms to identify and remove from the Commission-approved Reliability Standards unnecessary or redundant requirements. We will not impose a deadline on when these comments should be submitted, but ask that to the extent such comments are submitted NERC, the Regional Entities, and interested entities

coordinate to submit their respective comments concurrently.<sup>10</sup>

In response, NERC initiated a review, referred to as the "P 81 project," to identify requirements that could be removed from Reliability Standards without impacting the reliability of the Bulk-Power System.

#### II. NERC Petition

6. In its February 28, 2013 petition, NERC seeks Commission approval of the retirement of 34 requirements within 19 Reliability Standards. NERC asserts that the 34 requirements proposed for retirement "are redundant or otherwise unnecessary" and that "violations of these requirements . . . pose a lesser risk to the reliability of the Bulk-Power System."<sup>11</sup> In addition, NERC states that it is not proposing to retire any Reliability Standard in its entirety, and the remaining requirements of each affected Reliability Standard will remain in continuous effect. NERC maintains that the requirements proposed for retirement "can be removed [from the Reliability Standards] with little to no effect on reliability."<sup>12</sup> NERC also asserts that the proposed retirement of the 34 requirements "will allow industry stakeholders to focus their resources appropriately on reliability risks and will increase the efficiency of the ERO compliance program."<sup>13</sup>

7. In addition, in its petition, NERC provides a description of the collaborative process adopted by industry stakeholders to respond to the Commission's proposal in paragraph 81 of the March 2012 Order. NERC maintains that the "scope of the P 81 project was limited solely to the removal of requirements in their entirety that would not otherwise compromise the integrity of the specific Reliability Standard or impact the reliability of the BES."<sup>14</sup> Further, NERC states that the criteria adopted to identify potential requirements for retirement "were designed so that no rewriting or consolidation of requirements would be necessary."<sup>15</sup>

8. NERC states that the "P 81 Team" developed three criteria for its review:

(1) Criterion A: An overarching criteria designed to determine that there is no reliability gap created by the proposed retirement; (2) Criterion B: consists of seven separate identifying criteria designed to recognize requirements appropriate for

retirement (administrative; data collection/data retention; documentation; reporting; periodic updates; commercial or business practice; and redundant); and (3) Criterion C: consists of seven separate questions designed to assist the P 81 Team in making an informed decision regarding whether requirements are appropriate to propose for retirement.<sup>16</sup>

9. Specifically, the seven questions adopted for Criterion C are:

- C1: Was the Reliability Standard requirement part of a FFT filing?
- C2: Is the Reliability Standard requirement being reviewed in an on-going Standards Development Project?
- C3: What is the VRF of the Reliability Standard requirement?
- C4: In which tier of the 2013 [Actively Monitored List] does the Reliability Standard requirement fall?
- C5: Is there a possible negative impact on NERC's published and posted reliability principles?
- C6: Is there any negative impact on the defense in depth protection of the Bulk Electric System?
- C7: Does the retirement promote results or performance based Reliability Standards?

10. NERC maintains that the project team focused on the identification of "lower-level facilitating requirements that are either redundant with other requirements or where evidence retention is burdensome and the requirement is unnecessary" because the reliability goal is achieved through other standards or mechanisms.<sup>17</sup> NERC asserts that the proposed retirement of documentation requirements will not create a gap in reliability because "NERC and the Regional Entities can enforce reporting obligations pursuant to section 400 of NERC's Rules of Procedure and Appendix 4C to ensure that necessary data continues to be submitted for compliance and enforcement purposes."<sup>18</sup> NERC asserts that although the P 81 project proposes to retire requirements associated with data retention or documentation, "the simple fact that a requirement includes a data retention or documentation element *does not* signify that it should be considered for retirement or is otherwise inappropriately designated as a requirement."<sup>19</sup>

11. Based on this approach, NERC identified the following 34 requirements

<sup>6</sup> See 16 U.S.C. 824o(e)(3).

<sup>7</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

<sup>8</sup> *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

<sup>9</sup> March 2012 Order, 138 FERC ¶ 61,193 at P 81.

<sup>10</sup> *Id.*

<sup>11</sup> Petition at 2.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 7.

<sup>18</sup> *Id.* at 8 (citing *North American Electric Reliability Corp.*, 141 FERC ¶ 61,241 at P 82 (2012) (approving proposed revisions to NERC's Rules of Procedure)).

<sup>19</sup> *Id.* at 9 (emphasis in original).

within 19 Reliability Standards for potential retirement:

- BAL-005-0.2b, Requirement R2—Automatic Generation Control
- CIP-003-3, -4, Requirement R1.2—Cyber Security—Security Management Controls<sup>20</sup>
- CIP-003-3, -4, Requirements R3, R3.1, R3.2, and R3.3—Cyber Security—Security Management Controls
- CIP-003-3, -4, Requirement R4.2—Cyber Security—Security Management Controls
- CIP-005-3a, -4a, Requirement R2.6—Cyber Security—Electronic Security Perimeter(s)
- CIP-007-3, -4, Requirement R7.3—Cyber Security—Systems Security Management
- EOP-005-2, Requirement R3.1—System Restoration from Blackstart Services
- FAC-002-1, Requirement R2—Coordination of Plans for New Facilities
- FAC-008-3, Requirements R4 and R5—Facility Ratings
- FAC-010-2.1, Requirement R5—System Operating Limits Methodology for the Planning Horizon
- FAC-011-2.1, Requirement R5—System Operating Limits Methodology for the Operations Horizon
- FAC-013-2, Requirement R3—Assessment of Transfer Capability for the Near-term Transmission Planning Horizon
- INT-007-1, Requirement R1.2—Interchange Confirmation
- IRO-016-1, Requirement R2—Coordination of Real-Time Activities between Reliability Coordinators
- NUC-001-2, Requirements R9.1, R9.1.1, R9.1.2, R9.1.3, and R1.9.4—Nuclear Plant Interface Coordination
- PRC-010-0, Requirement R2—Assessment of the Design and Effectiveness of UVLS Programs
- PRC-022-1, Requirement R2—Under-Voltage Load Shedding Program Performance
- VAR-001-2, Requirement R5—Voltage and Reactive Control

12. NERC also requests that the Commission approve the implementation plan, provided as Exhibit C to NERC's petition, which provides that the identified requirements will be retired

<sup>20</sup> NERC explains that although only eight requirements in the Critical Infrastructure Protection (CIP) body of Reliability Standards are proposed for retirement, NERC proposes the retirement of those eight requirements in both CIP versions 3 and 4. Therefore, the total number of CIP requirements proposed for retirement is sixteen.

immediately upon Commission approval.

13. NERC states that it will apply the “concepts” from the P 81 project to improve the drafting of Reliability Standards going forward. Specifically, NERC explains that Reliability Standards development projects “will involve stronger examination for duplication of requirements across the NERC body of Reliability Standards and the technical basis and necessity for each and every requirement will continue to be evaluated.”<sup>21</sup> According to NERC, requirements that were proposed and ultimately not included in the immediate filing will be mapped for consideration as part of addressing existing standards projects and five-year reviews of standards that have not been recently revised.

### III. Discussion

#### A. Proposed Retirement of Requirements

14. Pursuant to section 215 of the FPA, we propose to approve the retirement of the 34 requirements within 19 Reliability Standards identified by NERC as just, reasonable, not unduly discriminatory or preferential, and in the public interest. In the March 2012 Order, the Commission explained that “some current requirements likely provide little protection for Bulk-Power System reliability or may be redundant. The Commission is interested in obtaining views on whether such requirements could be removed from the Reliability Standards with little effect on reliability and an increase in efficiency of the ERO compliance program.”<sup>22</sup> In general, the proposed retirements satisfy the expectations set forth in the March 2012 Order; namely, the requirements proposed for retirement either: (1) Provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards.

15. We agree with NERC that the elimination of certain requirements that pertain to the information collection or documentation will not result in a reliability gap. Section 400 and Appendix 4C (Uniform Compliance Monitoring and Enforcement Program) of the NERC Rules of Procedure provide NERC and the Regional entities the authority to enforce reporting obligations necessary to support reliability.<sup>23</sup> This authority, used in the appropriate manner, justifies retiring

<sup>21</sup> Petition at 9.

<sup>22</sup> March 2012 Order, 138 FERC ¶ 61,193 at P 81.

<sup>23</sup> See *North American Electric Reliability Corp.*, 141 FERC ¶ 61,241 at P 82.

certain documentation-related requirements that provide limited, if any, support for reliability. We anticipate that the retirement of such requirements will enhance the efficiency of the ERO compliance program, as well as the efficiency of individual registered entity compliance programs.

16. The specific requirements, NERC's rationale supporting retirement, and the Commission's proposed approval of the retirements are outlined below.

#### Resource and Demand Balancing Reliability Standards

17. BAL-005-0.2b, Requirement R2—Automatic Generation Control:

R2. Each Balancing Authority shall maintain Regulating Reserve that can be controlled by AGC to meet the Control Performance Standard.

18. NERC states that the reliability purpose of BAL-005-0.2b is “to establish requirements for Balancing Authority Automatic Generation Control (“AGC”) necessary to calculate Area Control Error (“ACE”) and to routinely deploy the Regulating Reserve.”<sup>24</sup> NERC asserts that the reliability purpose and objectives of BAL-005-0.2b will not be affected by the retirement of Requirement R2.<sup>25</sup> Specifically, NERC states that BAL-005 is related to BAL-001—Real Power Balancing Control Performance, and a “Balancing Authority must use AGC to control its Regulating Reserves to meet the Control Performance Standards (“CPS”) as set forth in BAL-001-0.1a Requirements R1 and R2.”<sup>26</sup> According to NERC, the “primary purpose of Requirement R2 is to specify how a Balancing Authority must meet [the Control Performance Standards], i.e., through the use of [Automatic Generation Control].”<sup>27</sup>

19. NERC states that, although the Commission has previously rejected an argument regarding the potential redundancy of Requirement R2, “this Requirement is redundant in an operational sense.”<sup>28</sup> NERC asserts that, while a balancing authority may be able to meet its Control Performance Standard without automatic generation control, “it cannot do so for any extended period of time, and, therefore, Balancing Authorities must use [Automatic Generation Control] to control Regulating Reserves to satisfy obligations under BAL-001-0.1a

<sup>24</sup> Petition at 12–13.

<sup>25</sup> *Id.* at 13.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at 14.

Requirements R1 and R2.”<sup>29</sup> NERC concludes that “Balancing Authorities must still have Regulating Reserves that can be controlled by [Automatic Generation Control] to satisfy the [Control Performance Standards] in BAL–001–0.1a Requirements R1 and R2” if BAL–005–0.2b, Requirement R2 is retired.<sup>30</sup>

20. We propose to approve the retirement of BAL–005–0.2b, Requirement R2 based on NERC’s assertion that the requirement is redundant with BAL–001–0.1a, Requirements R1 and R2. Specifically, we propose to accept NERC’s explanation that the obligation to maintain regulating reserves controlled by automatic generation control under BAL–005–0.2b, Requirement R2 is redundant from an operational perspective with the obligation to meet the Control Performance Standards in BAL–001–0.1a, Requirements R1 and R2. As NERC notes, although a balancing authority can meet the Control Performance Standards without automatic generation control, it is reasonable to assume that it cannot operate in that manner for an extended period of time and that a balancing authority must ultimately rely on regulating reserves controlled by automatic generation control.

#### Critical Infrastructure Protection Reliability Standards

##### 21. CIP–003–3, –4, Requirement R1.2—Cyber Security—Security Management Controls:

R1.2. The cyber security policy is readily available to all personnel who have access to, or are responsible for, Critical Cyber Assets.

22. NERC states that CIP–003 requires responsible entities to have minimum security management controls in place to protect critical cyber assets. According to NERC, the “reliability purpose and objectives of CIP–003 are unaffected by the proposed retirement of Requirement R1.2.”<sup>31</sup> NERC states that “CIP–003 Requirement R1.2 is an administrative task that requires Responsible Entities to ensure that their cyber security policy is readily available to personnel” and that retirement of Requirement R1.2 will not create a gap in reliability.<sup>32</sup>

23. We propose to approve the retirement of CIP–003–3, –4, Requirement R1.2 based on NERC’s explanation that it is an administrative provision that provides little protection

for Bulk-Power System reliability. As NERC explains, the training, procedures, and process related requirements of the CIP standards render having the cyber security policy readily available an unnecessary requirement.<sup>33</sup> Thus, we agree that CIP–003–3, –4, Requirement R1.2 may be viewed as redundant with the training obligations imposed under CIP–004–3a that require specific training for all employees, including contractors and service vendors, who have access to critical cyber assets. We also agree with NERC that CIP–003–3, –4, Requirement R1.2 creates a compliance burden that outweighs the reliability benefit of requiring a responsible entity to ensure that its general cyber security policy is readily available.

24. CIP–003–3, –4, Requirements R3, R3.1, R3.2, and R3.3—Cyber Security—Security Management Controls:

R3. Exceptions—Instances where the Responsible Entity cannot conform to its cyber security policy must be documented as exceptions and authorized by the senior manager or delegate(s).

R3.1. Exceptions to the Responsible Entity’s cyber security policy must be documented within thirty days of being approved by the senior manager or delegate(s).

R3.2. Documented exceptions to the cyber security policy must include an explanation as to why the exception is necessary and any compensating measures.

R3.3. Authorized exceptions to the cyber security policy must be reviewed and approved annually by the senior manager or delegate(s) to ensure the exceptions are still required and valid. Such review and approval shall be documented.

25. NERC states that CIP–003 requires Responsible Entities to have minimum security management controls in place to protect critical cyber assets. NERC asserts that the “reliability purpose and objectives of CIP–003 are unaffected by the proposed retirement of Requirements R3, and R3.1 through R3.3.”<sup>34</sup> NERC characterizes CIP–003–3, –4, Requirements R3, R3.1, R3.2, and R3.3 as administrative tasks and indicates that the proposed retirement of these requirements presents no reliability gap. NERC explains that the requirements at issue “only apply to exceptions to internal corporate policy, and only in cases where the policy exceeds a Reliability Standards requirement or addressees an issue that is not covered in a Reliability

Standard.”<sup>35</sup> NERC maintains that the retirement of Requirements R3, R3.1, R3.2, and R3.3 “would not impact an entity’s ability to maintain such an exception process within its corporate policy governance procedures, if it is so desired.”<sup>36</sup>

26. NERC explains that CIP–003–3, –4, Requirement R3, R3.1, R3.2, and R3.3 “have proven not to be useful and have been subject to misinterpretation.”<sup>37</sup> Specifically, NERC states that entities may be interpreting CIP–003–3, –5, Requirement R3 and its sub-requirements as allowing for an exemption from compliance with one or more requirements of a Reliability Standard. NERC explains that this misinterpretation has created an unnecessary burden because entities have “allocate[d] time and resources to tasks that are misaligned with the [CIP] requirements themselves.”<sup>38</sup> In addition, NERC notes that the misunderstanding of the requirements has affected the efficiency of the ERO compliance program due to “the amount of time and resources needed to clear up the misunderstanding and coach entities on the meaning of the CIP exception requirements.”<sup>39</sup>

27. We propose to approve the retirement of CIP–003–3, –4, Requirements R3, R3.1, R3.2, and R3.3 based on NERC’s explanation that Requirements R3, R3.1, R3.2, and R3.3 impose administrative tasks that provide little protection for Bulk-Power System reliability. As NERC notes, the exception process outlined under CIP–003–3, –4, Requirements R3, R3.1, R3.2, and R3.3 only applies to a responsible entity’s internal corporate policy, and only in situations where a responsible entity’s internal corporate policy exceeds a CIP Reliability Standard requirement. The retirement of CIP–003–3, –4, Requirements R3, R3.1, R3.2, and R3.3 will not affect a responsible entity’s compliance with the body of the CIP Reliability Standards.

28. CIP–003–3, –4, Requirement R4.2—Cyber Security—Security Management Controls:

R4.2. The Responsible Entity shall classify information to be protected under this program based on the sensitivity of the Critical Cyber Asset information.

29. NERC states that CIP–003, Requirement R4.2 requires responsible entities to classify information based on its “sensitivity.” NERC characterizes

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> Petition at 15.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*, NERC Petition, Exhibit E (Paragraph 81 Technical Whitepaper) at 17.

<sup>34</sup> Petition at 17.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*, Exhibit E at 21.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

this task as an “administrative task” that is redundant with CIP-003-3, -4, Requirement R4. According to NERC, Requirement R4 already requires a Responsible Entity to classify critical cyber information and the “only difference between Requirements R4 and R4.2 is that the subjective term ‘based on sensitivity’ has been added [to Requirement R4.2], thus, making it essentially redundant.”<sup>40</sup> NERC maintains that the retirement of R4.2 presents no reliability gap.

30. We propose to approve the retirement of CIP-003-3, -4, Requirement R4.2 based on NERC’s explanation that Requirement R4.2 is redundant with CIP-003-3, -4, Requirement R4. Specifically, the only distinction between CIP-003-3, -4, Requirement R4.2 and Requirement R4 is the subjective term “based on the sensitivity.” The obligation in Requirement R4 that a responsible entity must identify, classify, and protect Critical Cyber Asset information remains even with the retirement of Requirement R4.2.

31. CIP-005-3a, -4a, Requirement R2.6—Cyber Security—Electronic Security Perimeter(s):

R2.6. Appropriate Use Banner—Where technically feasible, electronic access control devices shall display an appropriate use banner on the user screen upon all interactive access attempts. The Responsible Entity shall maintain a document identifying the content of the banner.

32. NERC states that the general purpose of CIP-005-3a, -4a is to ensure a proper or secure access point configuration. NERC asserts that the “implementation of an appropriate use banner . . . on a user’s screen for all interactive access attempts into the Electronic Security Perimeter . . . is an activity or task that is administrative.”<sup>41</sup> NERC states that the implementation of an appropriate use banner does not support the general purpose of CIP-005-3a, -4a and, thus, retirement of the provision presents no reliability gap.<sup>42</sup>

33. NERC explains that Requirement R2.6 has also been the subject of numerous technical feasibility exceptions for devices that cannot support such a banner and, thus, has diverted resources from more productive efforts. NERC avers that “the ERO’s compliance program would become more efficient if CIP-005-3a, -4a [Requirement] R2.6 was retired,

because ERO time and resources could be reallocated to monitor compliance with the remainder of CIP-005-3a, -4a, which provides for more effective controls of electronic access at all electronic access points into the ESP.”<sup>43</sup>

34. We propose to approve the retirement of CIP-005-3a, -4a, Requirement R2.6 based on NERC’s explanation that Requirement R2.6 represents an administrative task that provides little protection for Bulk-Power System reliability. As NERC notes, the implementation of an appropriate use banner as required under CIP-005-3a, -4a, Requirement R2.6 does not further the general goal of controlling electronic access at all electronic access points to the Electronic Security Perimeter(s). In addition, Requirement R2.6 has been the subject of numerous technical feasibility exceptions due to the fact that not all devices can support an appropriate use banner.

35. CIP-007-3, -4, Requirement R7.3—Cyber Security—Systems Security Management:

R7.3. The Responsible Entity shall maintain records that such assets were disposed of or redeployed in accordance with documented policies.

36. NERC states that Requirement R7.3 requires the maintaining of records for the purpose of demonstrating compliance with disposing of or redeploying Cyber Assets in accordance with documented procedures. NERC asserts, however, that it and the Regional Entities can require the production of records to demonstrate compliance under section 400 of the NERC Rules of Procedure. Therefore, NERC maintains that “Requirement R7.3 is redundant and unnecessary.”<sup>44</sup>

We propose to approve the retirement of CIP-007-3, -4, Requirement R7.3. The retirement of Requirement R7.3 will not relieve a responsible entity of the obligation to dispose of or redeploy a Cyber Asset in the manner set forth in CIP-007-3, -4, Requirement R7. Should NERC or the Regional Entities seek to confirm that a responsible entity is complying with the substantive obligations in CIP-007-3, -4, Requirement R7, they can invoke their authority under section 400 of the NERC Rules of Procedure.

Emergency Preparedness and Operations Reliability Standards

37. EOP-005-2, Requirement R3.1—System Restoration from Blackstart Services:

R3.1. If there are no changes to the previously submitted restoration plan,

the Transmission Operator shall confirm annually on a predetermined schedule to its Reliability Coordinator that it has reviewed its restoration plan and no changes were necessary.

38. NERC states that the reliability purpose of EOP-005-2 is to ensure that plans, Facilities, and personnel are prepared to enable system restoration from blackstart resources to assure that reliability is maintained during restoration and priority is placed on restoring the Interconnection. According to NERC, the reliability purpose of EOP-005 will be unaffected by the retirement of Requirement R3.1.

39. NERC explains that “EOP-005-2 Requirement R3 currently requires the Transmission Operator to submit its restoration plan to its Reliability Coordinator, whether or not the plan includes changes.”<sup>45</sup> NERC maintains that, since a transmission operator is already obligated to review and submit its restoration plan to its reliability coordinator annually whether or not there has been a change, “EOP-005-2 Requirement R3.1 only adds a separate, duplicative administrative burden for the entity to also confirm that there were no changes[.]”<sup>46</sup>

40. We propose to approve the retirement of EOP-005-2, Requirement R3.1 based on NERC’s explanation that Requirement R3.1 is redundant with EOP-005-2, Requirement R3. Specifically, Requirement R3 requires a responsible entity to review its restoration plan and submit the plan to its reliability coordinator annually. As NERC notes, Requirement R3.1 adds a separate, duplicative administrative burden requiring a transmission operator to confirm whether or not the restoration plan reflects any changes. The retirement of Requirement R3.1 will not remove the transmission operator’s obligation to review and submit its restoration plan to its reliability coordinator on an annual basis.

Facilities Design, Connections, and Maintenance Reliability Standards

41. FAC-002-1, Requirement R2—Coordination of Plans for New Facilities:

R2. The Planning Authority, Transmission Planner, Generator Owner, Transmission Owner, Load-Serving Entity, and Distribution Provider shall each retain its documentation (of its evaluation of the reliability impact of the new facilities and their connections to the interconnected transmission systems) for three years and shall provide the documentation to the Regional

<sup>40</sup> Petition at 19.

<sup>41</sup> *Id.* at 20.

<sup>42</sup> An “appropriate use banner” is a notification presented to the user when accessing a system through an electronic access control device that is intended to emphasize the corporate policy on the appropriate use of the system.

<sup>43</sup> *Id.* at 21.

<sup>44</sup> *Id.* at 22.

<sup>45</sup> *Id.* at 23.

<sup>46</sup> *Id.* at 24.

Reliability Organization(s) and NERC on request (within 30 calendar days).

42. NERC states that the reliability purpose of FAC-002 is to avoid adverse impacts on reliability by requiring generator owners and transmission owners and electricity end-users to meet facility connection and performance requirements. Specifically, NERC maintains that “Responsible Entities have an existing obligation to produce the same information required by Requirement R2 to demonstrate compliance with Requirement R1 and its sub-requirements, thus making Requirement R2 redundant.”<sup>47</sup> NERC concludes that the retirement of Requirement R2 presents no reliability gap. NERC asserts that the reliability purpose of FAC-002 will be unaffected by the retirement of Requirement R2.

43. We propose to approve the retirement of FAC-002-1, Requirement R2 based on NERC’s explanation that Requirement R2 is redundant with the compliance obligations imposed by FAC-002-1, Requirement R1 and its sub-requirements. While FAC-002-1, Requirement R2 requires a responsible entity to retain documentation of the evaluation of the reliability impact of new facilities and their connections to the interconnected transmission systems for three years, Requirement R1 and its sub-requirements require a responsible entity to have evidence and documentation of the evaluation in order to show that it is in compliance. We also note that Part D, Section 1.4 of FAC-002-1 separately specifies a data retention period of three years for this evaluation. The retirement of Requirement R2 should not result in a reliability gap on account of the need to maintain evidence and documentation to show compliance with FAC-002-1, Requirement R1.

44. FAC-008-3, Requirements R4 and R5—Facility Ratings:

R4. Each Transmission Owner shall make its Facility Ratings methodology and each Generator Owner shall make its documentation for determining its Facility Ratings and its Facility Ratings methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners and Planning Coordinators that have responsibility for the area in which the associated Facilities are located, within 21 calendar days of receipt of a request.

R5. If a Reliability Coordinator, Transmission Operator, Transmission Planner or Planning Coordinator provides documented comments on its technical review of a Transmission Owner’s Facility Ratings methodology or

Generator Owner’s documentation for determining its Facility Ratings and its Facility Rating methodology, the Transmission Owner or Generator Owner shall provide a response to that commenting entity within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings methodology and, if no change will be made to that Facility Ratings methodology, the reason why.

45. NERC states that “the reliability objective [of FAC-008 is] that facility ratings produced by the methodologies of the Transmission Owner or Generator Owner shall equal the most limiting applicable equipment rating, and consider, for example, emergency and normal conditions, historical performance, nameplate ratings, etc.”<sup>48</sup> NERC asserts that this reliability objective “is not significantly or substantively advanced by FAC-008-3 R4 (available for inspection) and R5 (comment and responsive comments).”<sup>49</sup> NERC states that the retirement of FAC-008-03, Requirements R4 and R5 will not create a reliability gap “because Transmission Owners and Generator Owners must comply with the substantive requirements of FAC-008-3 regarding their facility rating methodologies whether or not the exchange envisioned by FAC-008-3 R4 and R5 occurs.”<sup>50</sup>

46. NERC states further that “neither FAC-008-3 R4 nor R5 require that the Transmission Owner and Generator Owner change its methodology, rather FAC-008-3 R4 and R5 are designed as an exchange of comments that may be an avenue to advance commercial interests.”<sup>51</sup> Therefore, NERC asserts that FAC-008-3, Requirements R4 and R5 represent “an administrative task that does little, if anything, to benefit or protect the reliable operation of the BES, and has the potential to implicate commercially sensitive issues.”<sup>52</sup> NERC concludes that “the ERO compliance program would gain efficiencies by no longer having to track whether requests for technical review had occurred, comments provided and reallocate time and resources to monitoring the Transmission Owner’s or Generator Owner’s adherence to substantive requirements of FAC-008-3.”<sup>53</sup>

47. We propose to approve the retirement of FAC-008-03, Requirements R4 and R5 based on NERC’s explanation that Requirements

R4 and R5 impose an administrative task that provides little protection for Bulk-Power System reliability. The retirement of Requirements R4 and R5 will not relieve a transmission owner or generator owner of the obligation to have documentation supporting its facility ratings methodology.

Requirements R4 and R5, therefore, impose a compliance burden with little attendant reliability benefit.

48. FAC-010-2.1, Requirement R5—System Operating Limits Methodology for the Planning Horizon:

R5. If a recipient of the SOL Methodology provides documented technical comments on the methodology, the Planning Authority shall provide a documented response to that recipient within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the SOL Methodology and, if no change will be made to that SOL Methodology, the reason why.

49. NERC states that the reliability purpose of FAC-010-2.1 is to ensure that system operating limits used in the reliable planning of the bulk electric system are determined based on an established methodology.<sup>54</sup> NERC asserts that the reliability purpose of FAC-010-2.1 will be unaffected by the retirement of Requirement R5. NERC states that “[t]he retirement of FAC-010-2.1 R5 does not create a reliability gap, because the Planning Authority must comply with the substantive requirements of FAC-010-2.1 whether or not the exchange envisioned by FAC-010-2.1 R5 occurs.”<sup>55</sup>

50. NERC states that “FAC-010- 2.1 R5 sets forth an administrative task that does little, if anything, to benefit or protect the reliable operation of the BES, and has the potential to implicate commercially sensitive issues.”<sup>56</sup> According to NERC, “a Planning Authority’s time and resources would be better spent complying with the substantive requirements of FAC-010-2.1.”<sup>57</sup> NERC concludes that “the ERO compliance program would gain efficiencies by no longer having to track whether requests for technical review had occurred, comments provided and reallocate time and resources to monitoring the Planning Authority’s

<sup>54</sup> *Id.* at 43. The NERC Glossary of Terms Used in Reliability Standards defines “system operating limit” as:

The value (such as MW, MVar, Amperes, Frequency or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria.

<sup>55</sup> Exhibit E at 43.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>48</sup> Exhibit E at 40.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Id.* at 41.

<sup>53</sup> *Id.*

<sup>47</sup> *Id.* at 25.

adherence to substantive requirements of FAC-010-2.1.”<sup>58</sup>

51. We propose to approve the retirement of FAC-010-2.1, Requirement R5 based on NERC’s explanation that Requirement R5 imposes an administrative task that provides little protection for Bulk-Power System reliability. The retirement of Requirement R5 will not relieve a planning authority of the obligation to document its system operating limits methodology under the remaining provisions of FAC-010-2.1. In addition, the retirement of Requirement R5 will not relieve a planning authority from its obligation pursuant to Requirement R4 of the standard to provide its system operating limits methodology, including any changes to the methodology, to the appropriate entities prior to the effective date of any such change. Based on the explanation in NERC’s petition, Requirement R5 imposes a compliance burden with little attendant reliability benefit.

52. FAC-011-2.1, Requirement R5—System Operating Limits Methodology for the Operations Horizon:

R5. If a recipient of the SOL Methodology provides documented technical comments on the methodology, the Reliability Coordinator shall provide a documented response to that recipient within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the SOL Methodology and, if no change will be made to that SOL Methodology, the reason why.

53. NERC states that FAC-011-2 Requirement R5 requires that, when a reliability coordinator receives comments on its system operating limit methodology, the reliability coordinator must respond and indicate whether it has changed its methodology. According to NERC, the “retirement of FAC-011-2 R5 does not create a reliability gap, because the Reliability Coordinator must comply with the substantive requirements of FAC-011-2 R5 [*sic*] whether or not the exchange envisioned by FAC-011-2 R5 occurs.”<sup>59</sup> NERC maintains that “FAC-011-2 R5 may support an avenue to advance commercial interests.”<sup>60</sup>

54. NERC states that FAC-011-2, Requirement R5 sets forth an administrative task that does little, if anything, to benefit or protect the reliable operation of the BES. NERC asserts that “[i]nstead of spending time and resources on FAC-011-2 R5 a Reliability Coordinator’s time and

resources would be better spent complying with the substantive requirements” of FAC-011-2.<sup>61</sup> NERC concludes that “the ERO compliance program would gain efficiencies by no longer having to track whether requests for technical review had occurred, comments provided and reallocate time and resources to monitoring the Reliability Coordinator’s adherence to substantive requirements” of FAC-011-2.<sup>62</sup>

55. We propose to approve the retirement of FAC-011-2, Requirement R5 based on NERC’s explanation that Requirement R5 imposes an administrative task that provides little protection for Bulk-Power System reliability. The retirement of Requirement R5 will not relieve a reliability coordinator of the obligation to document its system operating limits methodology under the remaining provisions of FAC-011-2. In addition, the retirement of Requirement R5 will not relieve a reliability coordinator from its obligation pursuant to Requirement R4 of the standard to provide its system operating limits methodology, including any changes to the methodology, to the appropriate entities prior to the effective date of any such change. Based on the explanation in NERC’s petition, Requirement R5 imposes a compliance burden with little attendant reliability benefit.

56. FAC-013-2, Requirement R3—Assessment of Transfer Capability for the Near-term Transmission Planning Horizon:

R3. If a recipient of the Transfer Capability methodology provides documented concerns with the methodology, the Planning Coordinator shall provide a documented response to that recipient within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Transfer Capability methodology and, if no change will be made to that Transfer Capability methodology, the reason why.

57. NERC states that FAC-013-2, Requirement R3 is a needlessly burdensome administrative task that does little, if anything, to benefit or protect the reliable operation of the BES. NERC explains FAC-013-2, Requirement R1 and its associated sub-requirements set forth the information that each Planning Authority must include when developing its transfer capability methodology. NERC explains further “FAC-013-2 R3 sets forth a requirement that if an entity comments on this methodology, the Planning

Authority must respond and indicate whether or not it will make a change to its Transfer Capability methodology.”<sup>63</sup> NERC concludes, “while R1 sets forth substantive requirements, R3 sets forth more of an administrative task of the Planning Authority responding to comments on its methodology.”<sup>64</sup>

58. NERC states that “it would seem unnecessarily burdensome to engage in the exchange of comments, given there is no nexus between the exchange and compliance with the substantive requirements of FAC-013-2.”<sup>65</sup> According to NERC, issues regarding an entity’s transfer capability methodology should be raised in the context of the receipt of transmission services, not the Reliability Standards.<sup>66</sup> NERC asserts that time and resources would be better spent complying with the substantive requirements of FAC-013-2. NERC concludes that “the ERO compliance program would gain efficiencies by no longer having to track whether requests for technical review had occurred, comments provided and reallocate time and resources to monitoring the Reliability Coordinator’s adherence to substantive requirements of FAC-013-2.”<sup>67</sup>

59. We propose to approve the retirement of FAC-013-2, Requirement R3 based on NERC’s explanation that Requirement R3 imposes an administrative task that provides little protection for Bulk-Power System reliability. The retirement of Requirement R3 will not relieve a planning coordinator of the obligation to document its transfer capability methodology under the remaining provisions of FAC-013-2. In addition, the retirement of Requirement R3 will not relieve a planning coordinator from its obligation pursuant to Requirement R2 of the standard to provide its transfer capability methodology, including any changes to the methodology, to the appropriate entities prior to the effective date of any such change. Based on the explanation in NERC’s petition, Requirement R3 imposes a compliance burden with little attendant reliability benefit.

Interchange Scheduling and Coordination Reliability Standards

60. INT-007-1, Requirement R1.2—Interchange Confirmation:

R1.2. All reliability entities involved in the Arranged Interchange are currently in the NERC registry.

<sup>58</sup> *Id.* at 48.

<sup>59</sup> *Id.* at 45.

<sup>60</sup> *Id.* at 49.

<sup>61</sup> *Id.*

<sup>62</sup> *Id.*

<sup>63</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.* at 45.

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 46.

<sup>62</sup> *Id.*

61. NERC states that the reliability purpose of INT-007-1 is to ensure that each arranged interchange is checked for reliability before it is implemented. NERC maintains that the reliability purpose of INT-007-1 “is unaffected by the proposed retirement of Requirement R1.2” and avers that “Requirement R1.2 is an administrative task that is now outdated.”<sup>68</sup>

62. Specifically, NERC explains “[a]t one time, the identification number came from the NERC Transmission System Information Network (“TSIN”) system, which is now handled via the NAESB Electric Industry Registry.”<sup>69</sup> NERC explains further that “under the E-Tag protocols, no entity may engage in an Interchange transaction without first registering with the E-Tag system and receiving an identification number” and the E-tag identification number is used to pre-qualify and engage in an Arranged Interchange.<sup>70</sup> NERC concludes that the task set forth in INT-007-1 Requirement R1.2 is an outdated activity that is no longer necessary, and therefore the proposed retirement of Requirement R1.2 presents no reliability gap.

63. We propose to approve the retirement of INT-007-1, Requirement R1.2 based on NERC’s explanation that Requirement R1.2 is an outdated administrative task that provides little protection for Bulk-Power System reliability. The identification of entities engaging in arranged interchange transactions is now addressed through the NAESB Electric Industry Registry, and the registration for such transactions is now handled through the E-Tag system. The retirement of INT-007-1, Requirement R1.2 will not result in a gap in reliability.

#### Interconnection Reliability Operations and Coordination Reliability Standards

##### 64. IRO-016-1, Requirement R2—Coordination of Real-Time Activities Between Reliability Coordinators:

R2. The Reliability Coordinator shall document (via operator logs or other data sources) its actions taken for either the event or for the disagreement on the problem(s) or for both.

65. NERC states that IRO-016 establishes requirements for coordinated real-time operations, including: (1) Notification of problems to neighboring reliability coordinators and (2) discussions and decisions for agreed-upon solutions for implementation. NERC explains that the reliability purpose of IRO-016-1 is to ensure that

each reliability coordinator’s operations are coordinated such that they will not have an adverse reliability impact on other reliability coordinator areas and to preserve the reliability benefits of interconnected operations. NERC asserts that “Requirement R2 is an administrative task and the proposed retirement will not adversely impact reliability” and, “[t]herefore, the reliability purpose of IRO-016-1 is unaffected by the proposed retirement of Requirement R2.”<sup>71</sup>

66. In addition, NERC notes that NERC and the Regional Entities have the authority to require an entity to submit data and information for purposes of monitoring compliance under section 400 of the NERC Rules of Procedure. NERC asserts, therefore, that “the retirement of IRO-016-1 Requirement R2 does not affect the ability for NERC and the Regional Entities to require Reliability Coordinators to produce documentation to demonstrate compliance with IRO-016-1 Requirement R1 and its sub-requirements.”<sup>72</sup> NERC concludes that “retiring IRO-016-1 Requirement R2 presents no gap to reliability or to the information NERC and the Regional Entities need to monitor compliance.”<sup>73</sup>

67. We propose to approve the retirement of IRO-016-1, Requirement R2 based on NERC’s assertion that Requirement R2 establishes an administrative task that provides little protection for Bulk-Power System reliability. Specifically, the retirement of IRO-016-1, Requirement R2 will not interfere with the substantive aspects of the Reliability Standard found in Requirement R1. We also note that Part D, Section 1.3 of the standard establishes for reliability coordinators a data retention obligation with respect to the substantive aspects of the standard. The retirement of Requirement R2 will not have an adverse effect on reliability, nor will retirement inhibit the ability of NERC or the Regional Entities to seek documentation to assess compliance with the reliability standard.

#### Nuclear Reliability Standards

##### 68. NUC-001-2, Requirements R9.1, R9.1.1, R9.1.2, R9.1.3, and R1.9.4—Nuclear Plant Interface Coordination:

R9.1. Administrative elements:  
 R9.1.1. Definitions of key terms used in the agreement.  
 R9.1.2. Names of the responsible entities, organizational relationships, and responsibilities related to the NPIRs.  
 R9.1.3. A requirement to review the agreement(s) at least every three years.

R9.1.4. A dispute resolution mechanism.

69. NERC states that the reliability purpose of NUC-001-2 is to ensure the coordination between nuclear plant generator operators and transmission entities for nuclear plant safe operation and shutdown. NERC explains that Requirement 9.1 and its sub-requirements specify certain administrative elements that must be included in the agreement (required in Requirement R2) between the nuclear plant generator operator and the applicable transmission entities.<sup>74</sup> NERC maintains that the reliability purpose of NUC-001-2 is unaffected by the proposed retirement of Requirements 9.1, 9.1.1, 9.1.2, 9.1.3 and 9.1.4.

70. NERC asserts that Requirement R9.1 and its sub-requirements are administrative tasks and the proposed retirement of these Requirements will not adversely impact reliability. NERC states further that “requiring via a mandatory Reliability Standard the inclusion of boilerplate provisions is unnecessarily burdensome relative to the other significant requirements in NUC-001-2 that pertain to performance based reliability coordination and protocols between Transmission Entities and Nuclear Plant Generator Operators.”<sup>75</sup> NERC indicates that the information required by these requirements is likely in modern agreements anyway. NERC concludes that the retirement of NUC-001-2, Requirement R9.1 and its sub-requirements “creates no reliability gap.”<sup>76</sup>

71. We propose to approve the retirement of NUC-001-2, Requirements 9.1, 9.1.1, 9.1.2, 9.1.3 and 9.1.4 based on NERC’s explanation that Requirement 9.1 and its sub-requirements reflect administrative elements currently required to be included in the nuclear plant interface requirements between a nuclear plant generator operator and applicable transmission entities. The administrative elements required under Requirement 9.1 and its sub-requirements do not relate to the substantive, technical requirements of NUC-001-2 (i.e., technical requirements and analysis, operations and maintenance coordination, and communications and training), and provide little protection for Bulk-Power System reliability.

<sup>68</sup> Petition at 26.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* at 26–27.

<sup>71</sup> *Id.* at 28.

<sup>72</sup> *Id.* at 28–29.

<sup>73</sup> *Id.* at 29.

<sup>74</sup> *Id.* at 30.

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

## Protection and Control Reliability Standards

### 72. PRC-010-0, Requirement R2—Assessment of the Design and Effectiveness of UVLS Programs:

R2. The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall provide documentation of its current UVLS program assessment to its Regional Reliability Organization and NERC on request (30 calendar days).

73. NERC explains that PRC-010-0 requires certain registered entities to periodically conduct and document an assessment of the effectiveness of their under voltage load shedding (UVLS) program at least every five years or as required by changes in system conditions. NERC states that the purpose of PRC-010-0 is to provide system preservation measures to prevent system voltage collapse or voltage instability by implementing an UVLS program. NERC asserts that it and the Regional Entities have the authority under section 400 of the NERC Rules of Procedure “to require an entity to submit documentation of its current UVLS program assessment for purposes of monitoring compliance.”<sup>77</sup>

74. NERC states further that the retirement of PRC-010-0, Requirement R2 does not affect the ability of NERC and the Regional Entities to require reliability coordinators to produce documentation to monitor compliance with PRC-010-0. Specifically, NERC explains that PRC-010-0, Requirement R1 requires entities to “document an assessment of the effectiveness of its UVLS program[.]”<sup>78</sup> NERC concludes that the retirement of PRC-010-0, Requirement R2 “presents no reliability gap.”<sup>79</sup>

75. We propose to approve the retirement of PRC-010-0, Requirement R2 based on NERC’s explanation that the administrative task imposed under Requirement R2 is redundant with NERC and the Regional Entity authority under section 400 of the NERC Rules of Procedure. Requirement R1 of PRC-010-0 sets forth the substantive requirements for applicable entities to periodically conduct and document an assessment of the effectiveness of its UVLS program. Requirement R2 dictates that an entity must provide documentation of its current assessment to NERC and/or the appropriate Regional Reliability Organization upon request. The retirement of PRC-010-0, Requirement R2 will not hamper the

ability of NERC or the Regional Entities to compel the production of the assessments required under Requirement R1 since these entities may obtain this information pursuant to section 400 of the NERC Rules of Procedure.

### 76. PRC-022-1, Requirement R2—Under-Voltage Load Shedding Program Performance:

R2. Each Transmission Operator, Load-Serving Entity, and Distribution Provider that operates a UVLS program shall provide documentation of its analysis of UVLS program performance to its Regional Reliability Organization within 90 calendar days of a request.

77. NERC states that the purpose of Reliability Standard PRC-022-1 is to ensure that UVLS programs perform as intended to mitigate the risk of voltage collapse or voltage instability in the bulk electric system. NERC explains that PRC-022-1, Requirement R2 requires entities to provide documentation of its analysis of its UVLS program performance within 90 days of request. NERC maintains that the retirement of Requirement R2 “does not affect the ability of NERC to require Reliability Coordinators to produce documentation to monitor compliance with PRC-022-1 Requirement R1 and its sub-requirements.”<sup>80</sup>

78. Specifically, NERC explains that PRC-022-1, Requirement R1 requires that the entity document the performance of its UVLS program. NERC avers that the retirement of PRC-022-1, Requirement R2 “is consistent with reliability principles and will not result in a gap in reliability as NERC has the ability to request [the information documented under PRC-022-1, Requirement R2] pursuant to Section 400 of the NERC Rules of Procedure.”<sup>81</sup> NERC concludes that “[t]he ERO compliance program efficiency will increase since it will no longer need to track a static requirement of whether a UVLS program assessment was submitted within [90] days of a request by NERC or the Regional Entity, and instead, compliance monitoring may focus on the more substantive requirements of PRC-022-1.”<sup>82</sup>

79. We propose to approve the retirement of PRC-022-1, Requirement R2 based on NERC’s explanation that the administrative task imposed under Requirement R2 is redundant with NERC’s and the Regional Entities’ authority under section 400 of the NERC Rules of Procedure. Requirement R1 of PRC-022-1 sets forth the substantive

requirements for each applicable entity to document its analysis of the performance of its UVLS program. The retirement of PRC-022-1, Requirement R2 will not hamper the ability of NERC or the Regional Entities to compel the production of the analysis required under Requirement R1 since they may obtain this information pursuant to section 400 of the NERC Rules of Procedure.

## Voltage and Reactive Reliability Standards

### 80. VAR-001-2, Requirement R5—Voltage and Reactive Control:

R5. Each Purchasing-Selling Entity and Load Serving Entity shall arrange for (self-provide or purchase) reactive resources—which may include, but is not limited to, reactive generation scheduling; transmission line and reactive resource switching; and controllable load—to satisfy its reactive requirements identified by its Transmission Service Provider.

81. NERC states that the retirement of VAR-001-2, Requirement R5 is consistent with reliability principles since the requirement is redundant with the Commission’s *pro forma* open access transmission tariff (OATT) and the reliability objective is achieved via VAR-001-2, Requirement R2. NERC notes that Requirement R5 provides for transmission customers to self-provide or purchase reactive resources as required under Schedule 2 of the OATT. NERC states that a review of Requirement R5 and Schedule 2 “indicates that the reliability objective of ensuring that [purchasing-selling entities] as well as [load serving entities] either acquire or self provide reactive power resources associated with transmission service requests is accomplished via Schedule 2[.]”<sup>83</sup> NERC also explains that “in the Electric Reliability Council of Texas (ERCOT) region, where there is no FERC approved OATT, reactive power is handled via Section 3.15 of the ERCOT Nodal Protocols that describes how ERCOT establishes a Voltage Profile for the grid, and then in detail explains the responsibilities of the Generators, Distribution Providers and Texas Transmission Service Providers (not to be confused with a NERC TSP), to meet the Voltage Profile and ensure that those entities have sufficient reactive support to do so.”<sup>84</sup> NERC maintains that there is no need to reiterate the obligation to arrange for reactive resources in VAR-001-2, Requirement R5.

<sup>77</sup> *Id.* at 32.

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> *Id.* at 33.

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at 36.

<sup>84</sup> *Id.* at 37.

82. In addition, NERC states that the reliability objective of VAR-001-2 is also addressed by VAR-001-2, Requirement R2.<sup>85</sup> NERC asserts that “[t]he Transmission Operator’s adherence to Requirement R2 is a double-check for the obligations under Schedule 2 to ensure there are sufficient reactive power resources to protect the voltage levels under normal and Contingency conditions.”<sup>86</sup> NERC adds that the “double check” under Requirement R2 “does not relieve [purchasing-selling entities] and [load serving entities] from their obligations under Schedule 2 of the [open access transmission tariff] or Interchange agreements.”<sup>87</sup>

83. We propose to approve the retirement of VAR-001-2, Requirement R5 based on NERC’s assertion that Requirement R5 is redundant with provisions of the *pro forma* OATT. Specifically, Schedule 2 of the open access transmission tariff requires transmission providers to provide reactive power resources, either directly or indirectly, and requires transmission customers to either purchase or self-supply reactive power resources.<sup>88</sup> A similar requirement is found in the ERCOT Nodal Protocols that established the voltage profile for the grid within the ERCOT region.<sup>89</sup> In addition, VAR-001-2, Requirement R2 requires transmission operators to acquire sufficient reactive resources to protect voltage levels under normal and contingency conditions. Thus, the retirement of VAR-001-2, Requirement R5 will not result in a reliability gap.

84. We seek comment on our proposal to approve the retirement of the 34 requirements discussed above.

<sup>85</sup> Reliability Standard VAR-001-2, Requirement R2 provides, *inter alia*, “Each Transmission Operator shall acquire sufficient reactive resources . . . within its area to protect the voltage levels under normal and Contingency conditions.”

<sup>86</sup> Petition at 36-37.

<sup>87</sup> *Id.* at 37.

<sup>88</sup> See, *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *Pro Forma* OATT Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Service).

<sup>89</sup> See ERCOT Nodal Protocols, Section 3.15 (Voltage Support).

### B. Outstanding Directives

85. Since the issuance of Order No. 693, the Commission has issued a number of directives that require NERC to take certain actions. In an effort to make better use of NERC’s and the Commission’s resources, the Commission has identified 41 of the outstanding directives that the Commission believes are no longer necessary to assure the reliable operation of the Bulk-Power System. As a result, we propose to withdraw the 41 outstanding directives. Attachment A to this NOPR identifies each directive and provides an explanation why we are proposing to withdraw the directive.<sup>90</sup>

86. We used the following three criteria in identifying the 41 outstanding directives for withdrawal: (1) The reliability concern underlying the outstanding directive has been addressed in some manner, rendering the directive stale; (2) the outstanding directive provides general guidance for standards development rather than a specific directive; and (3) the outstanding directive is redundant with another directive. Each of the 41 outstanding directives identified in Attachment A satisfies one or more of these criteria.

87. Therefore, we propose to withdraw the 41 directives listed in Attachment A in the interest of enhancing the efficiency of the ERO standards development process and reducing unnecessary burdens. We seek comment on our proposal to withdraw the listed directives. In particular, we seek comment on whether withdrawing the 41 directives could have a detrimental effect on the reliability of the bulk electric system.

### IV. Information Collection Statement

88. The information collection requirements contained in this Proposed Rule are subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork

<sup>90</sup> Each directive identified in Attachment A includes a “NERC Reference Number.” Commission staff and NERC staff have developed a common approach to identifying and tracking outstanding Commission directives. The NERC Reference Numbers reflect this joint tracking process.

Reduction Act of 1995.<sup>91</sup> OMB’s regulations require approval of certain information collection requirements imposed by agency rules.<sup>92</sup> Upon approval of a collection of information, OMB will assign an OMB control number and expiration date. Respondents subject to the filing requirements of this rule will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number. The Commission solicits comments on the Commission’s need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents’ burden, including the use of automated information techniques.

89. The Commission based its paperwork burden estimates on the NERC compliance registry as of April 30, 2013.<sup>93</sup> According to the registry, there are 132 balancing authorities, 544 distribution providers, 898 generator owners, 859 generator operators, 56 interchange authorities, 515 load serving entities, 80 planning authorities/planning coordinators, 677 purchasing selling entities, 21 reliability coordinators, 346 transmission owners, 185 transmission operators, 185 transmission planners, and 93 transmission service providers.

90. The Commission estimates that the burden will be reduced for each requirement as dictated in the chart below, for a total estimated reduction in burden of \$535,500. The Commission based the burden reduction estimates on staff experience, knowledge, and expertise.

<sup>91</sup> 44 U.S.C. 3507(d) (2006).

<sup>92</sup> 5 CFR 1320.11 (2012).

<sup>93</sup> The estimates for the retired CIP requirements are based on February 28, 2013 registry data in order to provide consistency with burden estimates provided in the Commission’s recent CIP version 5 Notice of Proposed Rulemaking in Docket No. RM13-5-000.

Standard, requirement number, and FERC collection number	Type of respondents	Number of respondents <sup>94</sup> [A]	Average reduction in burden hours estimate per respondent per year [B]	Estimated total annual reduction in burden (in hours) [A × B]	Estimated total annual reduction in cost [A × B × \$60/hour <sup>95</sup> ]
EOP-005-2, R3.1 (FERC-725A) .....	TOP .....	185	1	185	11,100
FAC-008-3, R4 (FERC-725A) .....	TO, GO .....	1,151	1	1,151	69,060
FAC-008-3, R5 (FERC-725A) .....	TO, GO .....	1,151	1	1,151	69,060
FAC-010-2.1, R5 (FERC-725D) .....	PA .....	80	20	1,600	96,000
FAC-011-2, R5 (FERC-725D) .....	RC .....	21	20	420	25,200
FAC-013-2, R3 (FERC-725A) .....	PC .....	80	8	1,600	96,000
INT-007-1, R1.2 (FERC-725A) .....	IA .....	56	20	448	26,880
IRO-016-1, R2 (FERC-725A) .....	RC .....	21	20	420	25,200
CIP-003-3, -4, R1.2 (FERC-725B) .....	RC, BA, IA, TSP, TO, TOP, GO, GOP, LSE, ..	325	1	325	19,500
CIP-003-3, -4, R3, R3.1, R3.2, R3.3 (FERC-725B).	RC, BA, IA, TSP, TO, TOP, GO, GOP, LSE, ..	325	1	325	19,500
CIP-005-3, -4, R2.6 (FERC-725B) .....	RC, BA, IA, TSP, TO, TOP, GO, GOP, LSE, ..	325	4	1300	78,000
Total .....	.....	.....	.....	8,925	535,500

91. The above chart does not include BAL-005-0.2b, Requirement R2; CIP-003-3, -4, Requirement R4.2, CIP-007-3, -4, Requirement R7.3, FAC-002-1, Requirement R2; PRC-010-0, Requirement R2; PRC-022-1, Requirement R2; and VAR-001-2, Requirement R5 because those requirements were found redundant with other requirements.<sup>96</sup> Since the action required within them is required elsewhere there is no change in the overall burden in retiring these requirements. Likewise, NUC-001-2, Requirement R9.1; NUC-001-2, Requirement R9.1.1; NUC-001-2, Requirement R9.1.2; NUC-001-2, Requirement R9.1.3; and NUC-001-2, Requirement R9.1.4 are not included because these requirements require that the applicable entities put boiler plate language into their agreements that is normally included in all legal contracts.<sup>97</sup> Since this action will be taken regardless if it is required by a NERC Reliability, there is no reduction in burden.

*Titles:* FERC-725A, Mandatory Reliability Standards for the Bulk Power System; FERC-725B, Mandatory Reliability Standards for Critical Infrastructure Protection; FERC-725D,

<sup>94</sup> This number was calculated by adding all the applicable entities while removing double counting caused by entities registered under multiple functions.

<sup>95</sup> The estimated hourly loaded cost (salary plus benefits) for an engineer is assumed to be \$60/hour, based on salaries as reported by the Bureau of Labor Statistics (BLS) ([http://bls.gov/oes/current/naics2\\_22.htm](http://bls.gov/oes/current/naics2_22.htm)). Loaded costs are BLS rates divided by 0.703 and rounded to the nearest dollar (<http://www.bls.gov/news.release/eccec.nr0.htm>).

<sup>96</sup> The reporting requirements in these standards are part of the FERC-725A information collection.

<sup>97</sup> The reporting requirements in this standard are part of the FERC-725F information collection.

Facilities, Design, Connections, and Maintenance Reliability Standards; and FERC-725F, Mandatory Reliability Standards for Nuclear Plant Interface Coordination.

*Action:* Proposed Collection of Information.

*OMB Control Nos:* 1902-0244, 1902-0248, 1902-0247, and 1902-0249.

*Respondents:* Business or other for profit, and not for profit institutions.

*Frequency of Responses:* On occasion.

*92. Necessity of the Information:* This proceeding proposes to approve the retirement of the 34 requirements within 19 Reliability Standards identified by NERC. The proposed retirements either: (1) Provide little protection for Bulk-Power System reliability or (2) are redundant with other aspects of the Reliability Standards. In addition, we propose to withdraw the 47 currently outstanding directives listed in Attachment A in the interest of enhancing the efficiency of the ERO standard development and compliance programs, as well as the efficiency of individual registered entity compliance programs.

*93. Internal review:* The Commission has reviewed NERC's proposal and made a determination that its action is necessary to implement section 215 of the FPA. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden reduction estimates associated with the retired information requirements.

*94. Interested persons may obtain information on the reporting requirements by contacting the Federal Energy Regulatory Commission, Office of the Executive Director, 888 First Street NE., Washington, DC 20426 [Attention: Ellen Brown, email:*

*DataClearance@ferc.gov, phone: (202) 502-8663, fax: (202) 273-0873].*

*95. Comments concerning the information collections proposed in this NOPR and the associated burden estimates, should be sent to the Commission in this docket and may also be sent to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by email to OMB at the following email address: [oira\\_submission@omb.eop.gov](mailto:oira_submission@omb.eop.gov). Please reference one of the OMB Control Numbers and the docket number of this Notice of Proposed Rulemaking (Docket No. RM13-8-000) in your submission.*

## V. Regulatory Flexibility Act Certification

*96. The Regulatory Flexibility Act of 1980 (RFA)<sup>98</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's Office of Size Standards develops the numerical definition of a small business.<sup>99</sup> The Small Business Administration has established a size standard for electric utilities, stating that a firm is small if, including its affiliates, it is primarily engaged in the transmission, generation and/or distribution of electric energy for*

<sup>98</sup> 5 U.S.C. 601-612 (2006).

<sup>99</sup> 13 CFR 121.101 (2012).

sale and its total electric output for the preceding twelve months did not exceed four million megawatt hours (MWh).<sup>100</sup>

97. The Commission seeks comment on the estimated impact of the proposed reduction of requirements on small business entities. The Commission estimates the total reduction in burden for all small entities to be \$36,060. The Commission estimates that small planning authorities/planning coordinators will see a reduction of \$2,400 per entity per year, greater than for other affected small entities types.<sup>101</sup> The Commission does not consider \$2,400 per year to be a significant economic impact. The Commission believes that, in addition to the estimated economic impact, the proposed retirement of the 34 requirements of mandatory Reliability Standards will provide small entities with relief from having to track compliance with these provisions and preparing to show compliance in response to a potential compliance audit by a Regional Entity or other regulator.

98. Based on the above, the Commission certifies that the proposed Reliability Standards will not have a significant impact on a substantial number of small entities. Accordingly, no initial regulatory flexibility analysis is required.

**VI. Environmental Analysis**

99. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.<sup>102</sup> The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human

environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do not substantially change the effect of the regulations being amended.<sup>103</sup> The actions proposed here fall within this categorical exclusion in the Commission's regulations.

**VII. Comment Procedures**

100. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due August 27, 2013. Comments must refer to Docket No. RM13-8-000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

101. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

102. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE., Washington, DC 20426.

103. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters

on this proposal are not required to serve copies of their comments on other commenters.

**VIII. Document Availability**

104. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street NE., Room 2A, Washington, DC 20426.

105. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

106. User assistance is available for eLibrary and the Commission's Web site during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

By direction of the Commission.

**Kimberly D. Bose,**  
*Secretary.*

**Note:** Attachment A will not appear in the Code of Federal Regulations.

**Attachment A**

#	Standard	Order No.	Para	Directive	Justification
<b>Group A—The reliability concern underlying the outstanding directive has been addressed in some manner, rendering the directive stale</b>					
1 .....	BAL-006 .....	693	P 428 .....	"Add measures concerning the accumulation of large inadvertent interchange balances and levels of non-compliance." (NERC Reference No. 10036).	NERC replaced levels of non-compliance with violation severity levels (VSLs). NERC has designated VSLs for BAL-006.
2 .....	EOP-001 .....	693	P 565 .....	"The Commission agrees with ISO-NE that the Reliability Standard should be clarified to indicate that the actual emergency plan elements, and not the "for consideration" elements of Attachment 1, should be the basis for compliance. However, all of the elements should be considered when the emergency plan is put together." (NERC Reference No. 10065).	The VSLs listed in EOP-001-2.1b and the Reliability Standard Audit Worksheet for EOP-001 require evidence of this consideration.

<sup>100</sup> 13 CFR 121.201, Sector 22, Utilities & n.1.

<sup>101</sup> The burden reduction for planning authorities/planning coordinators is based on the retirement of FAC-010-2.2, Requirement R5 and FAC-013-2, Requirement R3. Based on the NERC

Compliance Registry and Energy Information Administration Form EIA-861 data, the Commission estimates that 5 out of the 80 planning authorities/planning coordinators meet the definition of a small entity.

<sup>102</sup> *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs., Regulations Preambles 1986-1990 ¶ 30,783 (1987).

<sup>103</sup> 18 CFR 380.4(a)(2)(ii) (2012).

#	Standard	Order No.	Para	Directive	Justification
3	INT-004	693	P 843	"Consider adding levels of non-compliance to the standard." (NERC Reference No. 10134).	NERC replaced levels of non-compliance with VSLs. VSLs for INT-004 have been developed and approved by the Commission.
4	INT-005	693	P 848	"Consider adding levels of non-compliance to the standard." (NERC Reference No. 10135).	NERC replaced levels of non-compliance with VSLs. VSLs for INT-005 have been developed and approved by the Commission.
5	MOD-010 through MOD-025.	693	P 1147	"Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the information related to data gathering, data maintenance, reliability assessments and other process-type functions." (NERC Reference No. 10266).	The concern underlying the directive has been addressed through section 1600 (Requests for Data or Information) of NERC's Rules of Procedure. The Commission approved Section 1600 of NERC's Rules on February 21, 2008.
6	MOD-010	693	P 1152	"Address critical energy infrastructure confidentiality issues as part of the standard development process." (NERC Reference No. 10268).	This directive is no longer necessary in light of section 1500 (Confidential Information) of NERC's Rules of Procedure addressing treatment of confidential information.
7	MOD-010	693	P 1163	"Direct the ERO to develop a Work Plan that will facilitate ongoing collection of the steady-state modeling and simulation data specified in MOD-011-0." (NERC Reference No. 10270).	The concern underlying the directive has been addressed through NERC's Reliability Standards Development Plan: 2013-2015. This plan was provided to the Commission in an informational filing on December 31, 2012. It contains an action plan to merge, upgrade, and expand existing requirements in the modeling data (MOD-010 through MOD-015) and demand data (MOD-016 through MOD-021) Reliability Standards.
8	PRC-017	693	P 1546	"Require documentation identified in Requirement R2 be routinely provided to NERC or the regional entity that includes a requirement that documentation identified in Requirement R2 shall be routinely provided to the ERO." (NERC Reference No. 10363).	Requirement R2 of PRC-017 already requires affected entities to provide documentation of the special protection system program and its implementation to the appropriate Regional Reliability Organization and NERC within 30 calendar days of a request. If either the Regional Entity or NERC determine that they need and will use the information on a regular schedule, they have the authority to establish a schedule under the current requirement.
9	Glossary	693	P 1895	"Modification to the glossary that enhances the definition of "generator operator" to reflect concerns of the commenters ["to include aspects unique to ISOs, RTOs and pooled resource organizations"]." (NERC Reference No. 10005).	The concern underlying the directive has been addressed through the NERC registration process. See Order No. 693 at P 145.
10	Glossary	693	P 1895	"Modification to the glossary that enhances the definition of "transmission operator" to reflect concerns of the commenters ["to include aspects unique to ISOs, RTOs and pooled resource organizations"]." (NERC Reference No. 10006).	The concern underlying the directive has been addressed through the NERC registration process. See Order No. 693 at P 145.

**Group B—The outstanding directive provides general guidance for standards development rather than a specific directive**

11	BAL-005	693	P 406	"The Commission understands that it may be technically possible for DSM to meet equivalent requirements as conventional generators and expects the Reliability Standards development process to provide the qualifications they must meet to participate." (NERC Reference No. 10033).	This paragraph is not a directive to change or modify a standard.
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#	Standard	Order No.	Para	Directive	Justification
12 .....	BAL-006 .....	693	P 438 .....	“Examine the WECC time error correction procedure as a possible guide the Commission asks the ERO, when filing the new Reliability Standard, to explain how the new Reliability Standard satisfies the Commission’s concerns.” (NERC Reference No. 10037).	This paragraph is not a directive to change or modify a standard.
13 .....	COM-001 .....	693	P 507 .....	“Although we direct that the regional reliability organization should not be the compliance monitor for NERCNet, we leave it to the ERO to determine whether it is the appropriate compliance monitor or if compliance should be monitored by the Regional Entities for NERCNet User Organizations.” (NERC Reference No. 10051).	This paragraph is not a directive to change or modify a standard.
14 .....	MOD-001 .....	729	P 20 .....	“We encourage the ERO to consider Midwest ISO’s and Entegra’s comments when developing other modifications to the MOD Reliability Standards pursuant to the EROs Reliability Standards development procedure.” [See also P 198–199] (NERC Reference No. 10216).	This paragraph is not a directive to change or modify a standard.
15 .....	MOD -001, -004, -008, -028, -029, -030.	729	P 160 .....	“In developing the modifications to the MOD Reliability Standards directed in this Final Rule, the ERO should consider generator nameplate ratings and transmission line ratings including the comments raised by Entegra and ISO/RTO Council.” [Also see P 154] (NERC Reference No. 10207).	This paragraph is not a directive to change or modify a standard.
16 .....	MOD-001 .....	729	P 179 .....	“The Commission directs the ERO to consider Entegra’s request regarding more frequent updates for constrained facilities through its Reliability Standards development process.” (see Order No. 729 at P 177 for Entegra’s comments). (NERC Reference No. 10211).	This paragraph is not a directive to change or modify a standard.
17 .....	MOD-028 .....	729	P 231 .....	“The Commission directs the ERO to develop a modification sub-requirement R2.2 pursuant to its Reliability Standards development process to clarify the phrase ‘adjacent and beyond Reliability Coordination areas.’” (NERC Reference No. 10219).	This paragraph clarifies the Commission’s understanding of the phrase “adjacent and beyond Reliability Coordination area.” Since the Commission’s understanding of the language is clearly expressed, and the matter has little impact on reliability, there is no reason to go forward with the directive.
18 .....	MOD-028 .....	729	P 234 .....	“The Commission agrees that a graduated time frame for reposting could be reasonable in some situations. Accordingly, the ERO should consider this suggestion when making future modifications to the Reliability Standards.” (NERC Reference No. 10220).	This paragraph is not a directive to change or modify a standard.
19 .....	MOD-029 .....	729	P 246 .....	“The ERO should consider Puget Sound’s concerns on this issue when making future modifications to the Reliability Standards.” [See also P 245] (NERC Reference No. 10222).	This paragraph is not a directive to change or modify a standard.
20 .....	MOD-030 .....	729	P 269 .....	“The Commission also directs the ERO to make explicit such [effective date] detail in any future version of this or any other Reliability Standard.” (NERC Reference No. 10223).	This paragraph is not a directive to change or modify a standard.

#	Standard	Order No.	Para	Directive	Justification
21 .....	MOD-024 .....	693	P 1310 .....	“Similarly, we respond to Constellation that any modification of the Levels of Non-Compliance in this Reliability Standard should be reviewed in the ERO Reliability Standards development process.” (NERC Reference No. 10318).	This paragraph is not a directive to change or modify a standard.
22 .....	PER-002 .....	693	P 1375 .....	“Training programs for operations planning and operations support staff must be tailored to the needs of the function, the tasks performed and personnel involved.” (NERC Reference No. 10329).	This paragraph is not a directive to change or modify a standard.
23 .....	VAR-001 .....	693	P 1863 .....	“The Commission expects that the appropriate power factor range developed for the interface between the bulk electric system and the load-serving entity from VAR-001-1 would be used as an input to the transmission and operations planning Reliability Standards.” (NERC Reference No. 10441).	This paragraph is not a directive to change or modify a standard.
24 .....	VAR-001 .....	693	P 1869 .....	“We recognize that our proposed modification does not identify what definitive requirements the Reliability Standard should use for established limits and sufficient reactive resources.” (NERC Reference No. 10434).	This paragraph is not a directive to change or modify a standard.
25 .....	TPL and FAC series.	705	P 49 .....	“Direct that any revised TPL Reliability Standards must reflect consistency in the lists of contingencies.” (NERC Reference No. 10601).	This paragraph provides guidance on an ongoing implementation issue and is not a directive to change or modify a standard.

**Group C—The outstanding directive is redundant with another directive**

26 .....	MOD-012 .....	693	P 1177 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners, and operators to provide to the Regional Entities the information related to data gathering, data maintenance, reliability assessments and other process type functions.” (NERC Reference No. 10275).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
27 .....	MOD-012 .....	693	P 1177 .....	“Develop a Work Plan and submit a compliance filing that will facilitate ongoing collection of the dynamics system modeling and simulation data.” (NERC Reference No. 10279).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
28 .....	MOD-012 .....	693	P 1181 .....	“Direct the ERO to address confidentiality issues and modify the standard as necessary through its Reliability Standards development process.” (NERC Reference No. 10277).	This directive is redundant with the directive in paragraph 1152, which has already been addressed and is reflected in section A above.
29 .....	MOD-013 .....	693	P 1200 .....	“Direct the ERO to develop a Work Plan that will facilitate ongoing collection of the dynamics system modeling and simulation data specified in MOD-013-1, and submit a compliance filing containing this Work Plan to the Commission.” (NERC Reference No. 10283).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
30 .....	MOD-014 .....	693	P 1212 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide the validated models to regional reliability organizations.” (NERC Reference No. 10288).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
31 .....	MOD-014 .....	693	P 1212 .....	“Direct the ERO to develop a Work Plan that will facilitate ongoing validation of steady-state models and submit a compliance filing containing the Work Plan with the Commission.” (NERC Reference No. 10289).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
32 .....	MOD-015 .....	693	P 1221 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the validated dynamics system models while MOD-015-0 is being modified.” (NERC Reference No. 10291).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
33 .....	MOD-015 .....	693	P 1221 .....	“Require the ERO to develop a Work Plan that will enable continual validation of dynamics system models and submit a compliance filing with the Commission.” (NERC Reference No. 10292).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
34 .....	MOD-017 .....	693	P 1247 .....	“Provide a Work Plan and compliance filing regarding the collection of information specified under standards that are deferred, in this instance, data on the accuracy, error and bias of the forecast.” (NERC Reference No. 10299).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
35 .....	MOD-018 .....	693	P 1264 .....	“Require the ERO to provide a Work Plan and compliance filing regarding collection of information specified under standards that are deferred, and believe there should be no difficulties complying with this Reliability Standard.” (NERC Reference No. 10303).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
36 .....	MOD-019 .....	693	P 1275 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity information related to forecasts of interruptible demands and direct control load management.” (NERC Reference No. 10305).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
37 .....	MOD-021 .....	693	1297 .....	“Direct the ERO to provide a Work Plan and compliance filing regarding collection of information specified under related standards that are deferred, and believe there should be no difficulty complying with this Reliability Standard.” (NERC Reference No. 10309).	This directive is redundant with the directive in paragraph 1163, which has already been addressed and is reflected in section A above.
38 .....	MOD-021 .....	693	P 1297 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide to the Regional Entity the information required by this Reliability Standard.” (NERC Reference No. 10313).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
39 .....	MOD-024 .....	693	P 1308 .....	“In order to continue verifying and reporting gross and net real power generating capability needed for reliability assessment and future plans, we direct the ERO to develop a Work Plan and submit a compliance filing.” (NERC Reference No. 10317).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.
40 .....	MOD-024 .....	693	P 1312 .....	“Direct the ERO to use its authority pursuant to §39.2(d) of our regulations to require users, owners and operators to provide this information.” (NERC Reference No. 10314).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

#	Standard	Order No.	Para	Directive	Justification
41 .....	MOD-025 .....	693	P 1320 .....	"In order to continue verifying and re-reporting gross and net reactive power generating capability needed for reliability assessment and future plans, we direct the ERO to develop a Work Plan as defined in the Common Issues section." (NERC Reference No. 10321).	This directive is redundant with the directive in paragraph 1147, which has already been addressed and is reflected in section A above.

[FR Doc. 2013-15433 Filed 6-27-13; 8:45 am]

BILLING CODE 6717-01-P

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Food and Drug Administration

#### 21 CFR Part 876

[Docket No. FDA-2012-N-0303]

#### Gastroenterology-Urology Devices; Reclassification of Implanted Blood Access Devices

**AGENCY:** Food and Drug Administration, HHS.

**ACTION:** Proposed order.

**SUMMARY:** The Food and Drug Administration (FDA) is issuing a proposed administrative order to reclassify the implanted blood access device preamendments class III device into class II (special controls) and subject to premarket notification, and to further clarify the identification. FDA is proposing this reclassification under the Federal Food, Drug, and Cosmetic Act (the FD&C Act) based on new information pertaining to the device. This action implements certain statutory requirements.

**DATES:** Submit either electronic or written comments on the proposed order by July 29, 2013. See section XII for the proposed effective date of any final order that may publish based on this proposed order.

**ADDRESSES:** You may submit comments, identified by Docket No. FDA-2012-N-0303, by any of the following methods:

#### Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

#### Written Submissions

Submit written submissions in the following ways:

- *Mail/Hand delivery/Courier (for paper or CD-ROM submissions):* Division of Dockets Management (HFA-

305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

**Instructions:** All submissions received must include the Agency name and Docket No. FDA-2012-N-0303 for this order. All comments received may be posted without change to <http://www.regulations.gov>, including any personal information provided. For additional information on submitting comments, see the "Comments" heading of the **SUPPLEMENTARY INFORMATION** section of this document.

**Docket:** For access to the docket to read background documents or comments received, go to <http://www.regulations.gov> and insert the docket number, found in brackets in the heading of this document, into the "Search" box and follow the prompts and/or go to the Division of Dockets Management, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

**FOR FURTHER INFORMATION CONTACT:** Rebecca Nipper, Center for Devices and Radiological Health, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 66, Rm. 1540, Silver Spring, MD 20993, 301-796-6527.

#### SUPPLEMENTARY INFORMATION:

##### I. Background—Regulatory Authorities

The FD&C Act establishes a comprehensive system for the regulation of medical devices intended for human use. Section 513 of the FD&C Act (21 U.S.C. 360c) established three categories (classes) of devices, reflecting the regulatory controls needed to provide reasonable assurance of their safety and effectiveness. The three categories of devices are class I (general controls), class II (special controls), and class III (premarket approval).

Under section 513 of the FD&C Act, devices that were in commercial distribution before the enactment of the 1976 amendments, May 28, 1976 (generally referred to as preamendments devices), are classified after FDA has: (1) Received a recommendation from a device classification panel (an FDA advisory committee); (2) published the panel's recommendation for comment, along with a proposed regulation classifying the device; and (3) published

a final regulation classifying the device. FDA has classified most preamendments devices under these procedures.

Devices that were not in commercial distribution prior to May 28, 1976 (generally referred to as postamendments devices), are automatically classified by section 513(f) of the FD&C Act into class III without any FDA rulemaking process. Those devices remain in class III and require premarket approval unless, and until, the device is reclassified into class I or II or FDA issues an order finding the device to be substantially equivalent, in accordance with section 513(i) of the FD&C Act, to a predicate device that does not require premarket approval. The Agency determines whether new devices are substantially equivalent to predicate devices by means of premarket notification procedures in section 510(k) of the FD&C Act (21 U.S.C. 360(k)) and part 807 (21 CFR Part 807).

On July 9, 2012, the Food and Drug Administration Safety and Innovation Act (FDASIA) was enacted. Section 608(a) of FDASIA (126 Stat. 1056) amended the device reclassification procedures under section 513(e) of the FD&C Act, changing the process for reclassifying a device from rulemaking to an administrative order. Prior to the enactment of FDASIA, FDA published a proposed rule under section 513(e) proposing the reclassification of implanted blood access devices for hemodialysis (77 FR 36951; June 20, 2012). FDA is issuing this proposed administrative order to comply with the new procedural requirement created by FDASIA when reclassifying a preamendments class III device. Also as required by section 513(e) of the FD&C Act, FDA has scheduled a panel meeting to discuss the proposed reclassification for June 27, 2013 (78 FR 25747; May 2, 2013). The three comments submitted in response to the proposed rule on implanted blood access devices for hemodialysis will be considered under this proposed administrative order and do not need to be resubmitted. No objections to the proposed reclassification were submitted. This