

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

Version Two Facilities Design, Connections)
And Maintenance Reliability Standards) **Docket No. RM08-11-000**

**COMMENTS OF
THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

I. INTRODUCTION

The Independent Electricity System Operator of Ontario (“IESO”) ¹ respectfully submits these comments on the Commission’s Notice of Proposed Rulemaking (“NOPR”) regarding the Version two FAC set of standards (FAC-010-2, FAC-011-2, and FAC-014-2). These standards set requirements for the development and communication of system operating limits (“SOLs”) of the Bulk Power System (“BPS”) for use in the planning and operations horizons.

II. BACKGROUND

On November 15, 2006, the North American Electric Reliability Corporation (“NERC”) filed 20 revised reliability standards and three version one FAC reliability standards for Commission approval. In Order No. 693, the Commission established a separate rulemaking proceeding to address the three version one FAC reliability standards. The Commission approved the version one FAC standards in Order No. 705

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

and directed NERC to address certain issues. On June 30, 2008, in response to the Commission's directives in Order No. 705, NERC submitted for the Commission's approval the three revised FAC standards: FAC-010-2 – System Operating Limits Methodology for the Planning Horizon, FAC-011-2 – System Operating Limits Methodology for the Operations Horizon, and FAC-014-2 – Establish and Communicate System Operating Limits. The Commission through, this NOPR, found that the proposed revisions to the FAC reliability standards appear to be just, reasonable, and consistent with the Commission's directions in Order No. 705. The Commission is therefore proposing to approve, with modifications, the version two of the FAC reliability standards as presented by NERC.

III. COMMENTS

The IESO is supportive of the changes made by NERC in order to comply with the Commission's directives in Order No. 705 and supports the Commission's proposal to accept the revised version two FAC reliability standards. The IESO is however supportive of the NERC Violation Risk Factors ("VRFs") and Violation Severity Levels ("VSLs") setting process which is stakeholdered with active industry participation through NERC's standards development process. The IESO believes that the industry has the resources, technical capability, and the experience necessary to develop VRFs and VSLs which are reflective of the requirements embedded in the various reliability standards. The IESO recommends that the Commission accept the industry developed and balloted VRFs and VSLs where these are established by NERC and the industry adhering to a timely and due process.

There is a time factor in question with respect to FAC-010-2 R4 (“The Planning Authority shall issue its SOL Methodology, and any change to that methodology, to all of the following prior to the effectiveness of the change...”). The IESO believes that the NERC Standard Drafting Team (SDT) has correctly captured this in its VSL assessments for this requirement.

The IESO agrees with the Commission’s assessment of the VSLs assigned to FAC-014 R6 that there should not be a “gap” in the assessment of VSLs and as such a “Low” VSL should be moved to a “Moderate” VSL if a gap were to exist between the two stated VSL assessments.. However, the IESO does not agree with the Commission’s view that FAC-014-2 fails to address the issue of the Planning Authority (“PA”) communicating to the Reliability Coordinator (“RC”) regarding multiple contingencies. Both the “High” and “Severe” VSLs address this issue. The “High” VSL clearly states: “...but did not provide the list of multiple contingencies and associated limits to one Reliability Coordinator that monitors the Facilities...” and the “Severe” VSL clearly states: “...but did not provide the list of multiple contingencies and associated limits to more than one Reliability Coordinator that monitors the Facilities...”

The IESO agrees with the Commission that there should be consistency in the application of VSLs. However, the Commission should not mandate that all sub requirements be assigned VSLs. Assignment of VSLs to sub requirements must be made on a case by case basis. Assigning VSLs to sub-requirements when these have already being captured by the primary requirement in question does not add value to the sub-requirement VSL. In the specific case of FAC-010-1 R1 (or FAC-011-2 R1), as cited in

the NOPR, the VSL allocations for the primary requirement R1 in both cases reflect the applicability of the time horizon (Sub requirement 1.1). This removes the need for adding VSLs to the sub-requirement in question. This demonstrates the fact that sub-requirements should have VSLs only if these are not covered by the VSLs assigned to the primary requirement.

IV. CONCLUSION

The IESO is generally supportive of the Commission's NOPR but requests that the Commission give appropriate consideration to the IESO's expressed comments regarding the setting of VRFs and VSLs before proceeding to issue the final order on the FAC reliability standards.

Respectfully submitted,

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