

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

North American Electric Reliability Corporation) Docket No. RR15-4-000

**MOTION TO INTERVENE AND COMMENT OF
THE ELECTRIC POWER SUPPLY ASSOCIATION**

The Electric Power Supply Association¹ (“EPSA”) submits this motion to intervene and comment on the petition (“Petition”) filed on December 11, 2014, by the North American Electric Reliability Corporation (“NERC”) requesting approval of revisions to sections of the NERC Rules of Procedure (“ROP”) to implement the Risk-Based Registration initiative (“RBR”).² Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) notice on December 12, 2014, the Electric Power Supply Association (“Associations”) hereby submits this motion to intervene and comments on the Petition.³

The NERC Petition proposes three primary reforms to its procedures for registering entities for compliance with NERC reliability standards. First, they propose modifying the NERC Registry Criteria, which includes removal of three functional registration categories: Purchasing-Selling Entity (“PSE”), Interchange Authority (“IA”)

¹ EPSA is the national trade association representing leading competitive power suppliers, including generators and marketers. Competitive suppliers, which collectively account for over 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers. These comments represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

² *North American Electric Reliability Corporation*, RR15-4-000, Petition of the North American Electric Reliability Corporation for Approval of Risk-Based Registration Initiative Rules of Procedure Revisions (December 11, 2014) (“NERC Petition”).

³ Combined Notice of Filings, No. 20141212-3070.

and Load-Serving Entity (“LSE”). Also, they propose a revised threshold for the Distribution Provider functional registration category, and alignment of five other functional registration categories to NERC’s revised definition of Bulk Electric System. The second proposed reform area would be Rules of Procedure changes that would facilitate risk-based application of “sub-set” lists of reliability standards to specific functional registration categories. Last, NERC proposes procedural enhancements to the registration process.⁴

EPSA participated in the development of the NERC proposal through the Risk Based Registration Advisory Group (“RBRAG”) and generally supports the detailed proposal. EPSA members especially support the proposed elimination of the PSE registration category. Consequently, these comments focus on that specific element of the NERC proposal, a view that was supported during the RBRAG discussions.

I. MOTION TO INTERVENE

Pursuant to Rules 212 and 214 of the Commission's Rules of Procedure, EPSA moves to intervene and comment in this proceeding. EPSA meets the requirements of Rule 214(b) for intervention as its members are users, owners, and operators of the bulk-power system and are subject to the Reliability Standards established by NERC, acting as the Commission-certified Electric Reliability Organization (“ERO”), and will be subject to revised registration and ROP implementation associated with the RBR initiative.

⁴ Petition at 2-3.

Therefore, EPSA is an interested party with respect to this proceeding. EPSA members will be directly impacted by the outcome of this proceeding and cannot be adequately represented by another party to the proceedings and its intervention is in the public interest. Accordingly, EPSA respectfully request that the Commission grant its motion to intervene.

II. COMMUNICATIONS

All communications, correspondence, pleadings, and other documents regarding this proceeding should be directed to the following:

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III. COMMENTS

A. The Commission Should Approve the Proposed Elimination of the PSE Functional Registration Category.

EPSA supports the goals of the Risk-Based Registration initiative and believes that this initiative will mesh with other key NERC initiatives seeking to implement risk-based approaches across NERC program areas. The RBR effort will help facilitate the effectiveness of efforts such as the Reliability Assurance Initiative (“RAI”),⁵ which seeks

⁵ *Reliability Assurance Initiative*, RR15-2-000, Informational Filing of the North American Electric Reliability Corporation (November 3, 2014).

to align NERC's compliance monitoring program more closely with major risks to bulk-power system ("BPS") reliability. Moreover, the efforts to move reliability standards requirements to be more based on performance risks to reliability continue to progress.⁶ Given these efforts and in light of the recent newly approved Bulk Electric System ("BES") definition, EPSA commends NERC for convening the RBRAG to assess the compliance registration framework to examine where efficiencies can be gained and where resources can be better focused on reliability priorities.

With respect to the proposed elimination of the PSE functional registration category, NERC has provided in the petition a convincing case for elimination. By analyzing the impact on reliability both from technical and qualitative enforcement statistics, the ERO has provided sufficient due diligence for PSE elimination. As described in NERC's Petition, PSEs are "the functional entity that purchases or sells, and takes title to, energy, capacity, and reliability-related services."⁷ However, as detailed in the petition, the commercial contracting function of PSEs does not impact reliability requirements and thereby their registration for compliance with reliability standards is unnecessary.

The RBRAG utilized industry technical experts to develop the technical justifications set forth in NERC's Petition which are thorough and support elimination of PSEs from the NERC Compliance Registry.⁸ As the Petition correctly notes, PSEs *perform a commercial function, not a reliability function*. PSEs engage in commercial

⁶ *North American Electric Reliability Corporation*, RM05-17-000, RM05-25-000, RM06-16-000, North American Electric Reliability Corporation Informational Filing of Reliability Standards Development Plan 2015-2017 (December 31, 2014).

⁷ Petition at 20.

⁸ Petition, Exhibit C – Technical Report: Risk-Based Registration: Technical and Risk Considerations at 4.

transactions, subject to the rules of other entities which have control over system operations.

A significant amount of evidence has been amassed during the implementation of registration and compliance processes that demonstrate that PSEs do not pose material risk to BPS reliability. NERC's Petition provides compliance history statistics that show how the removal of PSEs from NERC's Compliance Registry will pose no risk to reliable operation of the BPS. Moreover, the Resource and Demand Balancing ("BAL") and Interchange Scheduling and Coordination ("INT") reliability standards, other functional entities – namely, Balancing Authorities ("BAs") – are presently responsible (and subsequent to removal of PSEs, would remain responsible) for the essential function of managing interchange, the transfer of energy across BA boundaries. The evidence from NERC's Petition confirms that elimination of PSEs from the NERC Compliance Registry would not undermine the ability of BAs to obtain information necessary for interchange management.⁹

Importantly, the petition also provides regional illustrations demonstrating that PSE elimination would not present risks to reliability. Regional examples of interchange documentation regarding how existing tariff provisions, back-up from the E-tag system and planning protocol information each support sufficient interchange information for BAs.

EPSA believes that a sufficient evidence-based record exists to justify elimination of the PSE functional registration category from NERC's Compliance Registry and therefore strongly urges the Commission to approve this proposal.

⁹ Petition at 21-23.

IV. CONCLUSION

EPSA respectfully requests that the Commission approve the NERC provision and in the absence of conditional or full approval, approve the elimination of the PSE registration consistent with the comments set forth herein.

Respectfully submitted,

/s/

ELECTRIC POWER SUPPLY ASSOCIATION

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January 12, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., January 12, 2015.

/s/

Nancy Bagot, VP of Regulatory Affairs