

**ORIGINAL**

**Rule Development Workshop Agenda  
Docket No. 050531-EU  
Proposed FRCC Reliability Rule: 25-6.0186, F.A.C.  
October 6, 2005, 10:30 AM  
Easley Building, Room 148**

- I. Notice – Staff Counsel
  
- II. Introductions
  
- III. Presentation by the Florida Reliability Coordinating Council - Ken Wiley (FRCC) and Greg Ramon (TECO)
  - A. Explanation of Proposed Reliability Rule
  - B. Interaction of the Proposed Rule with the Energy Modernization Act of 2005
  
- IV. Remarks by Other Interested Parties
  
- V. Questions from Commissioners and Staff
  
- VI. Schedule for Filing Comments - Staff
  
- VII. Adjourn

CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of the Florida Reliability )  
Coordinating Council, Inc., to Initiate )  
Rulemaking to Adopt Rule 25-6.0186, )  
Bulk Power System Reliability Standards. )

Docket No. 050531 - EU

Submitted for filing: August 4, 2005

**PETITION OF THE FLORIDA RELIABILITY COORDINATING COUNCIL, INC.,  
TO INITIATE RULEMAKING TO ADOPT  
RULE 25-6.0186, BULK POWER SYSTEM RELIABILITY STANDARDS**

The Florida Reliability Coordinating Council, Inc. (FRCC), by and through its undersigned counsel and pursuant to Section 120.54(7)(a), Florida Statutes, files its Petition to Initiate Rulemaking to Adopt Rule 25-6.0186, relating to bulk power system reliability standards for electric utilities in Florida. All pleadings, notices and other documents filed or served in this Docket should be provided to the following:

Paul Sexton, Esquire  
Williams Wilson & Sexton, P.A.  
215 South Monroe Street, Suite 600  
Tallahassee, Florida 32301  
(850) 224-3999

1. This Petition is filed pursuant to Section 120.54(7)(a), Florida Statutes, which provides that any person regulated by an agency or having substantial interest in an agency rule may petition an agency to adopt, amend, or repeal a rule. This Petition requests that the Commission initiate rulemaking to adopt Rule 25-6.0186, Florida Administrative Code, appended hereto as Exhibit A, governing bulk power system reliability standards for electric utilities in Florida.
2. The FRCC and its members have a substantial interest in the adoption of its proposed rule. The FRCC is a non-profit corporation, formed in 1996, whose members include investor owned utilities, cooperative utilities and municipal utilities, regulated by the Commission

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pursuant to Chapter 366, Florida Statutes, as well as power marketers, the federal power agency, and independent power producers.<sup>1</sup> FRCC's purpose is to ensure and promote the reliability and adequacy of the bulk power supply in Florida. It is the 10th reliability region of the North American Electric Reliability Council (NERC), and its Region encompasses all of Peninsular Florida.

3. The FRCC's proposed rule encompasses the Reliability Standards developed by NERC and the Reliability Standards developed by the FRCC specific to Peninsular Florida. Commission action to adopt this rule would be in accord with the February 16, 2005, resolution of the National Association of Regulatory Commissioners (NARUC) Board of Directors encouraging the states to consider making NERC standards and RRC (e.g. FRCC) criteria mandatory for jurisdictional utilities.<sup>2</sup>

4. National Energy Legislation recently approved by Congress provides for adoption and enforcement of bulk power system reliability standards by the Federal Energy Regulatory Commission (FERC) in conjunction with NERC and regional Electric Reliability Organizations, such as FRCC. This legislation, however, includes language expressly limiting FERC jurisdiction over the adequacy or safety of electric facilities or services and preserves to the States their traditional authority to set and enforce compliance with standards for the adequacy and safety of electric facilities and services. The language of the legislation preserves the Commission's authority to require electric reliability within a coordinated grid and to investigate the need for generating plants and transmission facilities to ensure adequate and reliable energy

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<sup>1</sup>FRCC's members are reflected in Exhibit B and its officers are reflected in Exhibit C.

<sup>2</sup>The NARUC Resolution has been endorsed by NERC, the American Public Power Association (APPA), National Rural Electric Cooperative Association (NRECA), the Edison Electric Institute (EEI), the Electric Power Supply Association (EPSA) and the Federal Energy Regulatory Commission (FERC).

grids. Commission adoption of proposed Rule 25-6.0186 would affirm the Commission's assertion of regulatory authority in these areas.

WHEREFORE, Petitioner, Florida Reliability Coordinating Council, Inc., requests that the Commission initiate rulemaking to adopt Rule 25-6.0186, Florida Administrative Code, as set forth in Exhibit A hereof, in accordance with Section 120.54, Florida Statutes.

Dated: August 4, 2005

Respectfully Submitted,

/S Paul Sexton

Paul Sexton, Esquire  
Fla. Bar No. 243582  
Williams, Wilson & Sexton, P.A.  
215 South Monroe Street, Suite 600  
Tallahassee, Florida 32301  
(850) 224-3999

Attorneys for:  
The Florida Reliability Coordinating  
Council, Inc.

## EXHIBIT A

# RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

### CHAPTER 25-6 ELECTRIC SERVICE BY ELECTRIC PUBLIC UTILITIES

*Chapter 25-6 of the Rules of the Florida Public Service Commission is amended to add the following:*

#### **25-6.0186 Bulk Power System Reliability Standards**

##### **(1) Application and Scope.**

(a) In order to assure reliability within a coordinated electric power grid in Peninsular Florida, each Electric utility shall comply with the Reliability Standards in accordance with the provisions of these rules. Electric utilities shall jointly use the Florida Reliability Coordinating Council to comply with the provisions of this rule as provided in this rule.

(b) No Electric utility operating in Peninsular Florida shall allow the control or operation of its Bulk Power System by a non-Electric utility System Operator absent an agreement by the System Operator to comply with the provisions of this rule.

##### **(2) Definitions.**

(a) "Bulk Power System". As defined by the Florida Reliability Coordinating Council, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition.

(b) "Commission", Unless a different intent clearly appears from the context, the word "Commission" shall be construed to mean the Florida Public Service Commission.

(c) "Electric utility", as used in this rule, shall have the same meaning as set out for "Electric utility" in Section 366.02(2), F.S. Notwithstanding the foregoing, for purposes of this Rule, this definition shall not include Gulf Power Company.

(d) "FRCC" as used in this rule means the Florida Reliability Coordinating Council, Inc.

(e) "Peninsular Florida" as used in this rule means that geographic area of Florida east of the Apalachicola River.

(f) "Reliability Standard" as used in this rule means a standard developed and approved by the North American Electric Reliability Council and adopted by the Florida Reliability Coordinating Council, or a standard developed and approved by the Florida Reliability Coordinating Council, all of which have been adopted by the Florida Public Service Commission by order to assure reliability within a coordinated electric power grid in Peninsular Florida.

(g) "System Operator" as used in this rule means any entity that operates or is responsible for the operation of any part of the Bulk Power System in Peninsular Florida.

### **(3) Adoption of Reliability Standards.**

Electric utilities and other FRCC members operating in Peninsular Florida shall jointly develop and approve reliability standards specific to the Bulk Power System in Peninsular Florida under the auspices and procedures of the FRCC and/or the North American Electric Reliability Council. Such reliability standards which the FRCC determines should be mandatory and enforceable shall be filed with the Commission for adoption for inclusion as Reliability Standards, subject to this Rule. Should the Commission fail to adopt a Reliability Standard submitted by the FRCC, the Commission will remand such Reliability Standard to the FRCC to address the issues as appropriate.

### **(4) Compliance and Enforcement.**

(a) The Commission adopts the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program" dated July 26, 2005 to monitor and enforce compliance with the Reliability Standards adopted by the Commission. The FRCC has responsibility for implementation of the program.

(b) Non-compliance with a Reliability Standard shall be dealt with in accordance with the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program". The FRCC shall submit to the Commission for Commission action any non-compliance matter of an Electric utility which the FRCC has been unable to resolve voluntarily through the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program".

(c) The Commission, upon notification by the FRCC and after notice and an opportunity for a hearing by the Commission, may order compliance with a Reliability Standard and may impose a penalty, limitation of activities, functions, or operations or other disciplinary action that it finds appropriate against an Electric utility to address violations of a Commission adopted Reliability Standard.

(d) The FRCC shall have standing as a party to any proceeding to seek Commission enforcement of a Reliability Standard.

**(5) Reliability Reports.**

Electric utilities and other FRCC members operating in Peninsular Florida, acting jointly through the FRCC, shall conduct periodic assessments of the reliability of the interconnected Bulk Power System in Peninsular Florida through the FRCC. The FRCC shall report annually to the Commission its findings and recommendations for system reliability.

**EXHIBIT B**  
**FRCC MEMBERS - 2005**

CALPINE CORPORATION  
2701 North Rocky Point Drive, Suite 1200  
Tampa FL 33607

CITY OF LAKE WORTH UTILITIES  
1900 2nd Avenue North  
Lake Worth FL 33461-4298

CITY OF TALLAHASSEE  
300 South Adams Street  
Tallahassee FL 32301-1731

CITY OF VERO BEACH  
P O Box 1389  
Vero Beach FL 32961-1389

CLAY ELECTRIC COOPERATIVE  
P O Box 308  
Keystone Heights FL 32656-0308

CONSTELLATION ENERGY COMM. GROUP  
111 Market Place, Suite 500  
Baltimore MD 21202

FLORIDA MUNICIPAL POWER AGENCY  
8553 Commodity Circle  
Orlando FL 32819-9002

FLORIDA POWER & LIGHT COMPANY  
P O Box 14000  
Juno Beach FL 33408-0420

FT. PIERCE UTILITIES AUTHORITY  
P O Box 3191  
Fort Pierce FL 34948

GAINESVILLE REGIONAL UTILITIES  
P O Box 147117  
Gainesville FL 32614-7117

GULF POWER COMPANY  
P O Box 1151  
Pensacola FL 32520-0100

HOMESTEAD ENERGY SERVICES  
675 North Flagler Avenue  
Homestead FL 33030-6173

INDIANTOWN COGENERATION, L.P.  
P O Box 1799  
Indiantown FL 34956

JACKSONVILLE ELECTRIC AUTHORITY  
21 W. Church Street  
Jacksonville FL 32202-3105

KEYS ENERGY SERVICES  
P O Drawer 6100  
Key West FL 33041-6100

KISSIMMEE UTILITY AUTHORITY  
P O Box 423219  
Kissimmee FL 34742-3219

LAKELAND ELECTRIC  
501 E. Lemon Street  
Lakeland FL 33801-5050

MORGAN STANLEY CAPITAL GROUP  
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Purchase NY 10577

OCALA ELECTRIC UTILITY  
2100 NE 30th Avenue  
Ocala FL 34470-4875

ORLANDO UTILITIES COMMISSION  
P O Box 3193  
Orlando FL 32802-3193

PROGRESS ENERGY-FLORIDA  
P O Box 14042  
St. Petersburg FL 33733-4042

REEDY CREEK IMPROVEMENT DISTRICT  
P O Box 10000  
Lake Buena Vista FL 32830-0000

RELIANT ENERGY SERVICES  
1000 Main, Room 11-678  
Houston TX 77002

SEMINOLE ELECTRIC COOPERATIVE, INC.  
P O Box 272000  
Tampa FL 33688-2000

SOUTHEASTERN POWER ADMINISTRATION  
1166 Athens Tech Road  
Elberton GA 30635-4578

TAMPA ELECTRIC COMPANY  
P O Box 111  
Tampa FL 33601-0111

THE ENERGY AUTHORITY  
P O Box 1599  
Jacksonville FL 32201-1599

UTILITIES COMM. OF NEW SMYRNA BEACH  
P O Box 100  
New Smyrna Beach FL 32170



**EXHIBIT C  
FLORIDA RELIABILITY COORDINATING COUNCIL**

**OFFICERS**

Armando Olivera, Chair  
President  
Florida Power & Light

Kevin Wailes, Vice-Chair  
General Manager, Electric Utility  
City of Tallahassee

John L. Giddens, S/T  
Technical Director  
Reedy Creek Improvement Dist

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FLORIDA RELIABILITY COORDINATING COUNCIL, INC.

1408 N. WESTSHORE BLVD., SUITE 1002 • TAMPA, FL. 33607-4512  
(813) 289-5644 • FAX (813) 289-5646  
WWW.FRCC.COM

September 19, 2005

Mr. Rick Melson  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

050531-EU

RE: FRCC Petition to Initiate Rulemaking to Adopt Rule 25-6.0186, Bulk Power System Reliability Standards

Dear Rick:

On August 4, 2005 the FRCC filed a petition with the Commission to initiate rulemaking to adopt Rule 25-6.0186, Bulk Power System Reliability Standards. In the filing we appended Exhibit A which is a proposed Rule. Since this filing, the Electricity Modernization Act of 2005 has been signed into law. Therefore, the FRCC will be proposing changes to its Exhibit A to reflect the changes necessary brought about by the signing of this law. We are attaching a copy of what we will be presenting at the October 6<sup>th</sup> workshop in order that you may have an opportunity to review it prior to the workshop.

If you have any questions, please give me a call.

Sincerely,

KEN WILEY

Kw/ab  
Enclosure

c: Bob Trapp

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**EXHIBIT A**  
**RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION**

**CHAPTER 25-6**  
**ELECTRIC SERVICE BY ELECTRIC PUBLIC UTILITIES**

*Chapter 25-6 of the Rules of the Florida Public Service Commission is amended to add the following:*

**25-6.0186 Bulk Power System Reliability Standards**

**(1) Application and Scope.**

(a) In order to assure reliability within a coordinated electric power grid in Peninsular Florida, each Electric utility shall comply with the Reliability Standards in accordance with the provisions of these rules. Electric utilities shall jointly use the Florida Reliability Coordinating Council to comply with the provisions of this rule as provided in this rule.

(b) No Electric utility operating in Peninsular Florida shall allow the control or operation of its Bulk Power System by a non-Electric utility System Operator absent an agreement by the System Operator to comply with the provisions of this rule.

**(2) Definitions.**

(a) "Bulk Power System". As defined by the Florida Reliability Coordinating Council, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition.

(b) "Commission", Unless a different intent clearly appears from the context, the word "Commission" shall be construed to mean the Florida Public Service Commission.

(c) "Electric utility", as used in this rule, shall have the same meaning as set out for "Electric utility" in Section 366.02(2), F.S. Notwithstanding the foregoing, for purposes of this Rule, this definition shall not include Gulf Power Company.

(d) "FRCC" as used in this rule means the Florida Reliability Coordinating Council, Inc.

Approved by FRCC Board of Directors 6-30-05

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(e) "Peninsular Florida" as used in this rule means that geographic area of Florida east of the Apalachicola River.

(f) "Reliability Standard" as used in this rule means a standard developed and approved by the Florida Reliability Coordinating Council, which have been adopted by the Florida Public Service Commission by order to assure reliability within a coordinated electric power grid in Peninsular Florida.

**Deleted:** by the North American Electric Reliability Council and adopted by the Florida Reliability Coordinating Council, or a standard developed and approved

**Deleted:** all of

(g) "System Operator" as used in this rule means any entity that operates or is responsible for the operation of any part of the Bulk Power System in Peninsular Florida.

### **(3) Adoption of Reliability Standards.**

Electric utilities and other FRCC members operating in Peninsular Florida shall jointly develop and approve reliability standards specific to the Bulk Power System in Peninsular Florida under the auspices and procedures of the FRCC. Such reliability standards which the FRCC determines should be mandatory and enforceable shall be filed with the Commission for adoption for inclusion as Reliability Standards, subject to this Rule. Should the Commission fail to adopt a Reliability Standard submitted by the FRCC, the Commission will remand such Reliability Standard to the FRCC to address the issues as appropriate.

**Deleted:** and/or the North American Electric Reliability Council

### **(4) Compliance and Enforcement.**

(a) The Commission adopts, by reference, the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program" dated July 26, 2005 to monitor and enforce compliance with the Reliability Standards adopted by the Commission. The FRCC has responsibility for implementation of the program.

(b) Non-compliance with a Reliability Standard shall be dealt with in accordance with the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program". The FRCC shall submit to the Commission for Commission action any non-compliance matter of an Electric utility which the FRCC has been unable to resolve voluntarily through the FRCC's "Reliability Standards Compliance, Monitoring and Enforcement Program".

(c) The Commission, upon notification by the FRCC and after notice and an opportunity for a hearing by the Commission, may order compliance with a Reliability Standard and may impose a penalty, limitation of activities, functions, or operations or other disciplinary action that it finds appropriate against an Electric utility to address violations of a Commission adopted Reliability Standard.

(d) The FRCC shall have standing as a party to any proceeding to seek Commission enforcement of a Reliability Standard.

**(5) Reliability Reports.**

Electric utilities and other FRCC members operating in Peninsular Florida, acting jointly through the FRCC, shall conduct periodic assessments of the reliability of the interconnected Bulk Power System in Peninsular Florida through the FRCC. The FRCC shall report annually to the Commission its findings and recommendations for system reliability.

***FRCC  
RELIABILITY STANDARDS COMPLIANCE  
MONITORING AND ENFORCEMENT  
PROGRAM***

Florida Reliability Coordinating Council

FRCC Compliance Committee Approval: July 20, 2005

FRCC Board of Directors Approval: July 26, 2005

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## **I. Introduction**

The purpose of the Florida Reliability Coordinating Council (FRCC) is to promote the reliable and efficient operation of the interconnected bulk power systems in Florida through the establishment of reliability standards, assessments, and enforcement of compliance with these standards. FRCC will monitor entities operating in the FRCC region for compliance with FRCC and NERC reliability standards. The FRCC Reliability Standards Compliance Monitoring and Enforcement Program (Program) described in this document is to be used to assess and enforce compliance with FRCC and NERC reliability standards.

The FRCC has also established a Regional Compliance and Enforcement Program (RCEP) that is separate and apart from the Program described in this document. The RCEP was approved by the FRCC Board of Directors in January 2005 and was implemented solely to fulfill an agreement with NERC and eight other Regional Reliability Councils. This limited program covers only three reliability standards that are also included in this Program. The FRCC will ensure that any non-compliance to one of these three standards is not "double" counted in terms of penalties or sanctions.

Although entities operating in the FRCC region are expected to comply with all FRCC and NERC Reliability Standards, the FRCC will actively monitor a subset of all Reliability Standards for purposes of this Program. Periodic audits will be conducted as outlined in Appendix A<sup>1</sup>. The monitored Reliability Standards and Requirements are identified in Appendices B<sup>1</sup> and C<sup>1</sup>. Performance to the standards and requirements included in the monitoring program will be assessed in a variety of ways that are further described in this document.

## **II. FRCC Compliance Program**

The FRCC Reliability Standards Compliance Monitoring and Enforcement Program applies to all market participants that impact the reliability of the FRCC Bulk-Power Electric System (SYSTEM). These include, but are not limited to, FRCC Members, FRCC Control Areas, FRCC Balancing Authorities, FRCC Transmission Operators, Independent Power Producers, Power Pool Operators, Non-Utility Generators, and other users of the FRCC Bulk-Power Electric System, as designated by the FRCC, including entities acting as agents to perform functions on their behalf. These market participants will be identified in this Program by the term OPERATING ENTITY(IES). OPERATING ENTITIES are expected to comply with all Reliability Standards that are identified as their responsibility. The current FRCC operating entity registration matrix is included as Appendix D<sup>1</sup>.

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<sup>1</sup> Appendices included in this document may be amended from time to time.



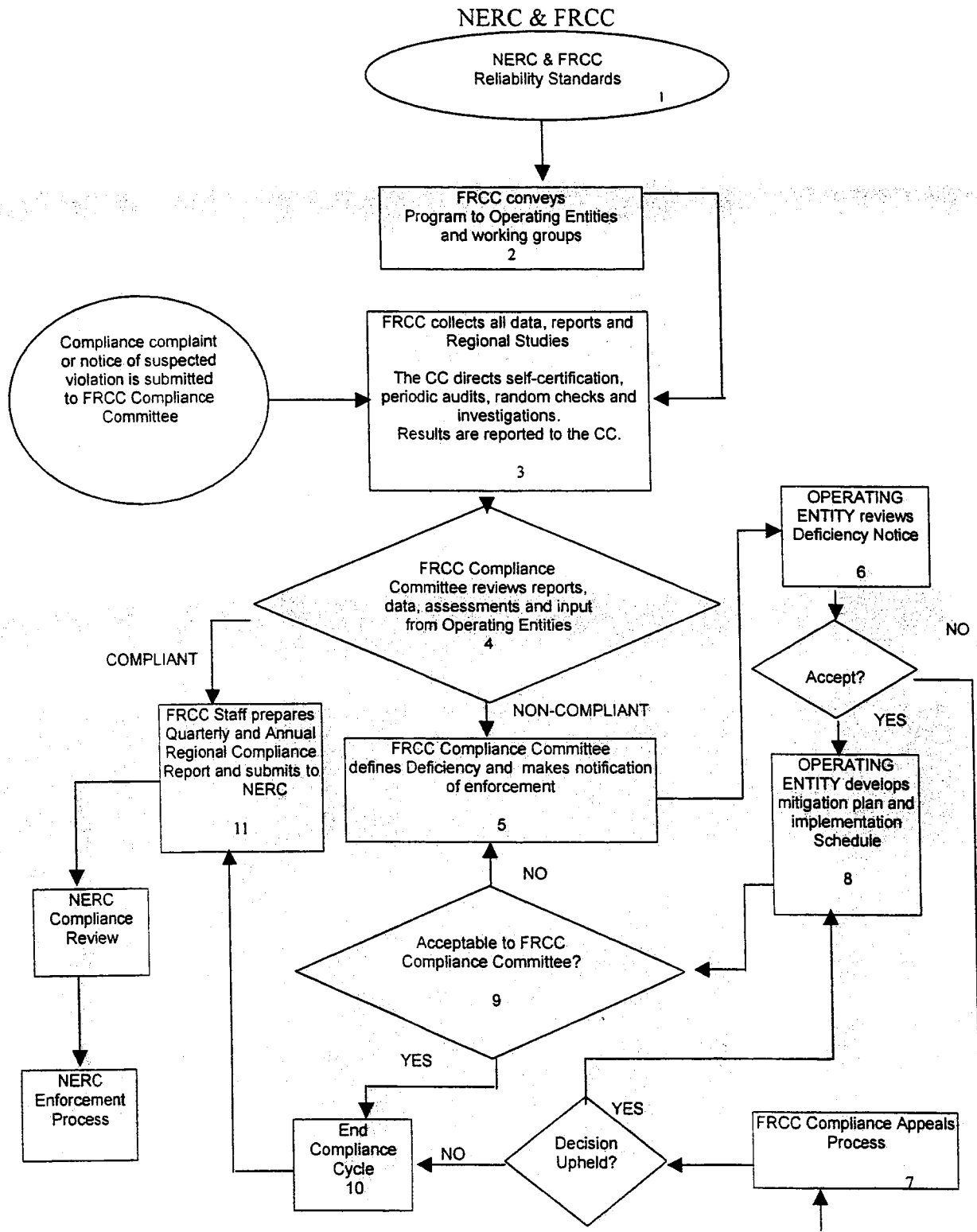
The FRCC Program includes simulated monetary enforcement actions, and written letters stating the findings of non-compliance. The NERC Sanctions & Penalties Matrix (see Appendix E<sup>1</sup>) will be used for this purpose. The FRCC will follow the "FRCC Procedure for Reporting and Disclosure of Violation of Operating Reliability Standards", included as Appendix F<sup>1</sup>. A list of the operating reliability rules that are subject to the 48-hour reporting requirement is included as Appendix G<sup>1</sup>.

The FRCC Compliance Committee (CC) has the responsibility for development and implementation of this Program with the ultimate objective of maintaining the reliability of the FRCC Bulk Power Electric System. The FRCC compliance staff provides support to the FRCC CC including providing schedules and other information to OPERATING ENTITIES, preparation of reports on findings of compliance or non-compliance, review of mitigation plans, monitoring and tracking of mitigation plan schedules, maintenance of the FRCC Compliance website and preparation of reports for submittal to NERC. Any questions in regards to the information provided in this document should be addressed to the FRCC Director of Reliability and Compliance, Linda Campbell at 1408 N. Westshore Blvd., Suite 1002, Tampa, FL 33607-4512. Phone (813) 289-5644, or email [Lcampbell@frcc.com](mailto:Lcampbell@frcc.com).

The following sections detail the FRCC Compliance Review and Enforcement Process, the FRCC Appeal Process and the details of the Reliability Standards and requirements included in the Program.



# FRCC Compliance Review & Enforcement Process



### **III. FRCC Compliance Review and Enforcement Process**

#### **Block 1**

##### **FRCC and NERC Reliability Standards**

The FRCC requires compliance to all the NERC and FRCC Reliability Standards. In those cases where system characteristics require the setting of more restrictive standards than the NERC Reliability Standards, appropriate FRCC Standards will be developed. The FRCC Standards will be:

- Clear in the identification of responsible entities,
- Specific, measurable, adequate, and appropriate,
- Written in such a manner that they are clearly understood and enforceable,
- Free of unnecessary barriers to commercial activity,
- Clear and consistent in defining what constitutes non-compliance.

#### **Block 2**

##### **FRCC Conveys the FRCC Reliability Standards Compliance Monitoring and Enforcement Program**

The FRCC has the responsibility to notify all OPERATING ENTITIES in the Region the details of the FRCC Reliability Standards Compliance Monitoring and Enforcement Program. The FRCC will identify the current NERC and FRCC Reliability Standards and Requirements. In addition, the list of specific requirements included in the annual monitoring program will be identified in Appendices B<sup>1</sup> and C<sup>1</sup>. The FRCC staff will develop and provide to the OPERATING ENTITIES all reporting forms used in the Program. The FRCC Staff will provide all reporting forms on the FRCC Compliance Web page (<http://www.frcc.com/compliance.htm>). FRCC staff will ensure that all compliance information for reliability standards and requirements being measured in the Program is up to date and available to all OPERATING ENTITIES on the FRCC Compliance Web page.

#### **Block 3**

##### **FRCC Collects Data**

The FRCC staff will collect all data and information required by the Program. The FRCC Compliance Committee will perform or direct periodic audits, random checks and investigations. These periodic audits and random checks will be done as part of the

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<sup>1</sup> Appendices included in this document may be amended from time to time.

annual monitoring process. Investigations may be done in response to a complaint or notice of a suspected violation. FRCC staff will compile received data, perform initial review and submit appropriate reports to the FRCC Compliance Committee for review and action as needed.

The FRCC Operating Reliability Subcommittee and the Resource, Stability, and Transmission Working Groups may collect data and develop Regional Assessments that are also reported to NERC as part of the Program.

#### **Block 4**

##### **Reviews of Compliance Reports and Data Assessments**

The FRCC Compliance Committee reviews the compliance reports, including complaints and notices of suspected violations to determine if enforcement action or further investigation is required. Any dissenting view provided by an OPERATING ENTITY will also be considered. For instances where non-compliance is identified and confirmed, levels of non-compliance and associated sanctions are determined.

#### **Block 5**

##### **Deficiencies Defined and Notifications Made**

The FRCC Compliance Committee, responsible for overseeing the compliance enforcement process, reviews identified non-compliance statuses, defines the deficiency(ies) and determines the level of non-compliance and appropriate corrective action. The FRCC staff will send a letter of non-compliance, which will serve as a deficiency notice to the OPERATING ENTITY found deficient. Appropriate avenues for appeals and dispute resolution are included in the Program.

#### **Block 6**

##### **OPERATING ENTITY Reviews Deficiency Notice**

The OPERATING ENTITY must notify the FRCC staff of whether they accept or reject the notice of deficiency within ten (10) business days. If the deficiency is disputed, the notice of rejection shall include an explanation of the rejection.

#### **Block 7**

##### **FRCC Appeals Process**

If the OPERATING ENTITY rejects the deficiency notice, the compliance procedure enters the FRCC Appeals Process.

## **Block 8**

### **Mitigation Plan and Implementation Schedule**

If the OPERATING ENTITY accepts the deficiency notice, they will develop a mitigation plan and implementation schedule to correct the non-compliance. This plan and schedule will be provided to the FRCC staff within ten (10) business days of receiving the deficiency notice. Mitigation plans and implementation schedules are required for any level of non-compliance.

It is the responsibility of the deficient party to produce a plan that is acceptable to the FRCC.

## **Block 9**

### **Acceptable to FRCC**

The FRCC Compliance Committee will review the proposed compliance mitigation plan and implementation schedule to determine if the plan does, in fact, correct the non-compliance. If acceptable, the FRCC staff with direction from the Compliance Committee will monitor and track the progress of the mitigation plan to ensure that it is carried out as planned. Once the plan is completed, the compliance review cycle is complete and if not acceptable, a deficiency notification will be made to continue the process.

## **Block 10**

### **End of Compliance Cycle**

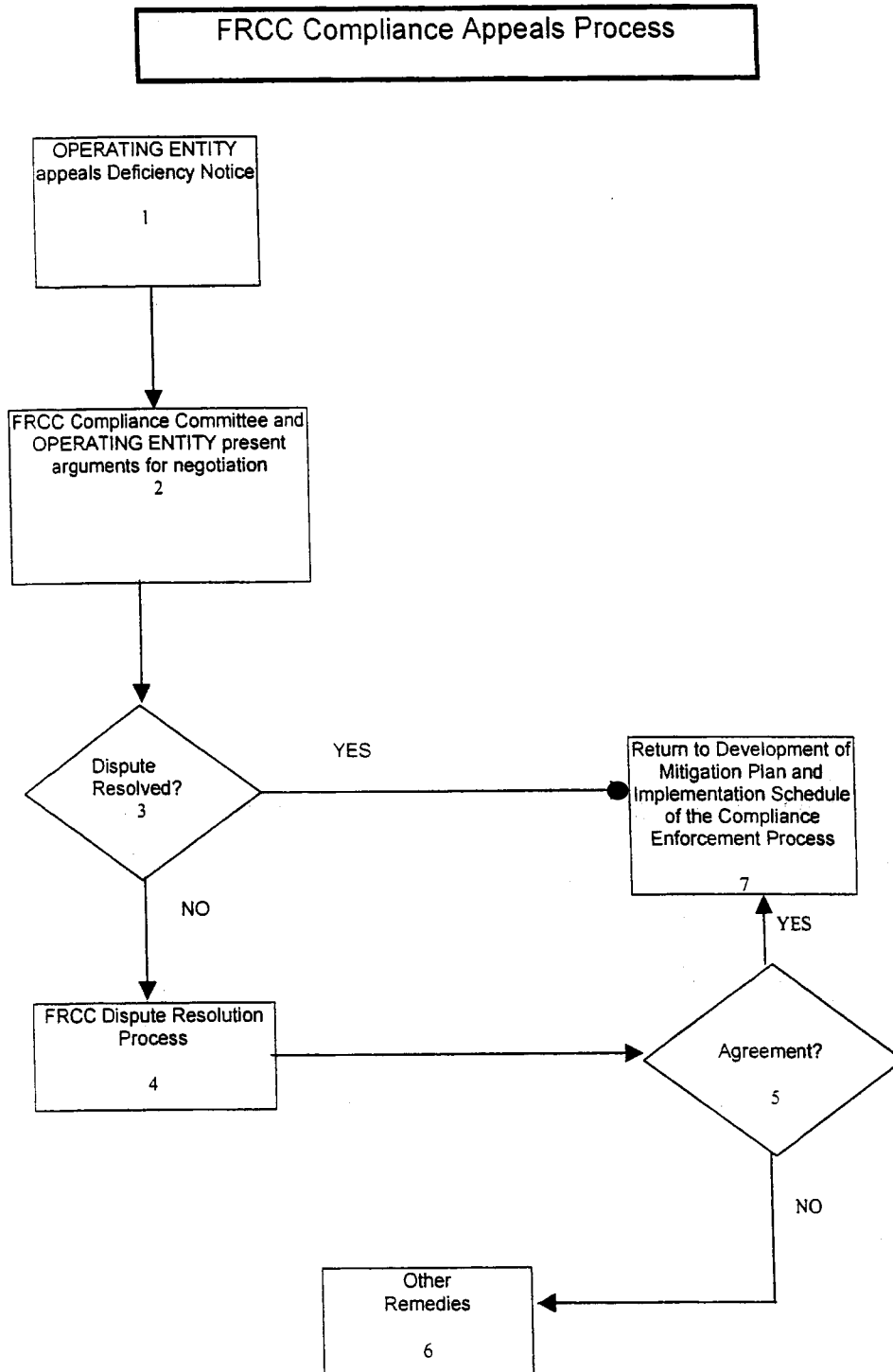
All outstanding mitigation plans and non-compliance levels have been completed or resolved. FRCC staff resets the periodic review timer and establishes a schedule for the next review cycle. The result of the compliance implementation and/or appeal is reported to the FRCC Compliance Committee.

## **Block 11**

### **Preparation of Regional Quarterly and Annual Compliance Report**

The FRCC staff prepares a report of all compliance and non-compliance activities, including enforcement and appeals for submittal to NERC. Copies of the submitted NERC reports will be provided to the Compliance Committee for review.

The FRCC Compliance Appeals Process flow diagram is shown below:



## **IV. FRCC Compliance Appeals Process**

### **Block 1**

#### **OPERATING ENTITY Appeals Deficiency Notice**

Following the review of the deficiency notice if the OPERATING ENTITY does not accept the deficiency the compliance process enters the Appeals Process phase. The OPERATING ENTITY will provide written notification to the FRCC within 10 days of receiving the notice of deficiency.

### **Block 2**

#### **FRCC Compliance Committee and OPERATING ENTITY present arguments**

The FRCC Compliance Committee and the OPERATING ENTITY will meet and review the facts and arguments for and against the deficiency. The parties involved will attempt to reach agreement on the deficiency. This meeting shall occur within 30 days of written notification of the appeal.

### **Block 3**

#### **Dispute Resolved?**

If the parties agree on the deficiency, the appeals process returns to the development of mitigation plans as described in the Compliance Review and Enforcement Process. If the parties do not agree, the appeals process continues to FRCC Dispute Resolution.

### **Block 4**

#### **FRCC Dispute Resolution Process**

The FRCC Dispute Resolution Process (DRP) is initiated.

### **Block 5**

#### **Agreement?**

If the parties reach agreement during the DRP, the appeals process returns to the development of mitigation plans as described in the Compliance Review and Enforcement Process. If agreement is still not reached, the process continues to other remedies.



**Block 6**

**Other Remedies**

Any and all parties to this process retain the right of appeal to NERC or other authorities as the law allows.

**Block 7**

**Return to Mitigation Plan & Implementation Schedule**

If the parties reach agreement during the DRP, the appeals process returns to the development of mitigation plans as described in the Compliance Review and Enforcement Process.

## V. Compliance Assessment and Reporting

The FRCC Compliance Committee (CC) is responsible for assessing compliance to the NERC and FRCC Reliability Standards.

The FRCC will utilize the Self-Certification process as its primary method to assess compliance on an annual basis. FRCC staff will develop the Self-Certification forms for review by the FRCC Compliance Committee and submit them to OPERATING ENTITIES for completion. The time period for assessment will be identified on the Self-Certification forms.

All FRCC OPERATING ENTITIES will be given a period of forty-five (45) days to complete and return their self-certification reports. All self-certification forms sent to the FRCC OPERATING ENTITIES will indicate the following:

- The returned self-certification forms will be kept confidential by the FRCC.
- Documentation that supports compliance or a non-compliance level(s) should be retained for the period indicated in the requirement, and must be available to the FRCC within the time specified upon request.
- The FRCC will conduct Periodic Audits and random checks to verify compliance.
- If levels of Non-Compliances are indicated for any of the requirements, mitigation plans and implementation schedules to achieve full compliance shall be provided with the response. Mitigation plans are required for all levels of non-compliance identified.
- If any standard and requirement is not applicable to the OPERATING ENTITY, the not applicable status, and reason why, should be indicated and will be reviewed by the FRCC Compliance Committee.
- The name of person responsible for certifying the OPERATING ENTITY's level of responsibility along with an authorized signature, title, phone number, and date shall be provided.
- The name of the person and date the self-certification was completed shall be provided.

The self-certification documents will be reviewed initially by the FRCC staff and provided to the FRCC Compliance Committee (CC) for review to determine any appropriate action.

The FRCC will also monitor data over various time periods, i.e. monthly and quarterly. This periodic monitoring process may differ by requirement and the FRCC will establish the method for each OPERATING ENTITY to submit the necessary data to assess their compliance with the standards. This data shall be reported to FRCC in accordance with the Standards Matrix Table (See Appendix B). Using this data, the FRCC staff will compile all reports and provide to NERC within the appropriate time frame. Reporting forms are developed by FRCC staff and provided to OPERATING ENTITIES for use in periodic reporting.

In addition to annual self-assessment and periodic reporting, the FRCC will conduct on-site audits every three years. An audit team is assembled for each on-site visit. Each OPERATING ENTITY will complete a pre-audit questionnaire and submit any requested documentation prior to the scheduled on-site visit. There will be an independent evaluation of all documents by the Audit Team.

Reporting entities not scheduled for a Periodic Audit in a calendar year will be subject to a check of their self-certification submittals for that calendar year. The FRCC Compliance Committee will select one to three reliability standards and the associated requirements and request submittal of data to support their self-certification assessment. Sufficient notice and response time will be provided.

An investigation may be triggered by a specific event, complaint or a notice of suspected non-compliance. The FRCC Compliance Committee is responsible for directing the investigation process. The CC may appoint a task force, or direct FRCC staff to gather information as necessary. Verification that a clear reliability standard exists will be part of the investigation process. The OPERATING ENTITY being investigated will have an opportunity to respond to draft findings and provide input to the CC for consideration. A final report will be developed and presented to the CC that includes the findings, recommendations for corrective actions and any statement of dissenting opinion of the OPERATING ENTITY under investigation.

## **Appendix A**

# **Florida Reliability Coordinating Council**



## **FRCC Periodic Audit Procedures**

FRCC Compliance Committee Approval: July 20, 2005

## Introduction

The FRCC has implemented this procedure for conducting Periodic Audits of its OPERATING ENTITIES that are subject to the FRCC Reliability Standards Compliance Monitoring and Enforcement Program. These periodic audits are being conducted the day after the NERC Readiness Assessment is completed. The goal in doing this is to maximize efficiency. For each NERC Readiness Assessment, the FRCC staff member participant will be the leader of the FRCC Audit Team. It is desirable for the other two FRCC participants on the NERC Readiness Assessment team to also be members of the FRCC Audit Team to maximize sharing of information and familiarity of the OPERATING ENTITY operations.

## Procedure

OPERATING ENTITIES are reviewed at least once every three years. The Audit Team participants are selected from members of the FRCC Compliance Committee (CC) and may include qualified representatives from member companies subject to the approval of the FRCC CC. The Audit Team will consist of a minimum of three persons, which must include at least one member of the CC and an individual from the FRCC staff. The audit consists of the following:

- Review of required documentation (both operating and planning)
- Review of self-certification submittals Interview(s) of the appropriate managerial representative(s) of the OPERATING ENTITY
- Review of Periodic Audit Checklist
- An on-site visit to the facilities (including control center) of the OPERATING ENTITY
- Interview(s) of appropriate front line personnel and associated subject matter experts (e.g. System Operator, IT Staff, Planning Staff etc.)
- Observance of Balancing and Transmission Operations and Displays

The Audit Team will prepare specific questions that will be sent to the OPERATING ENTITY in advance of the on-site visit. The Audit Team may request that documentation be submitted prior to the on-site visit or be made available during the on-site visit. If any documentation requested by the Audit Team is not provided, the deficiency will be noted in the final report. Each Audit Team will utilize a checklist to provide a consistent foundation for each periodic audit.

The Audit Team will prepare a draft report within 60 days of the completion of the OPERATING ENTITY periodic audit. The OPERATING ENTITY will be given a copy of the draft report to review for inaccuracies or mis-understandings so that corrections can be made. The Audit Team will provide a final report to the CC. If the OPERATING ENTITY and the Audit Team do not agree on a particular finding or recommendation, the OPERATING ENTITY may provide a dissenting view to the CC for consideration.

The FRCC Compliance Committee will review the final report and any dissenting view from the OPERATING ENTITY to determine if further action will be required. If deficiencies exist, the CC will issue a notice of deficiency, and request that a mitigation plan be developed by the OPERATING ENTITY.

## **Appendix B**

Appendix B includes a list of the Operating and Planning Reliability Standards that the operating entities will be responsible for in the FRCC Reliability Standards Compliance Monitoring and Enforcement Program.



**FRCC 2005 RELIABILITY STANDARDS  
COMPLIANCE AND ENFORCEMENT PROGRAM**

APPENDIX B

**OPERATING REQUIREMENTS**

Reliability Standard Number	Requirement(s)	Current Approved Reliability Standard Name Effective April 1	Responsible Entity	Due Date	Date Completed	Retired Template	Brief Description of Template Measure
BAL-001-0	1, 2	Real Power Balancing Control Performance	BA / FRCC Staff	Monthly		P1T1	Control Performance Standard CPS-1 and CPS-2
BAL-002-0	4	Disturbance Control Performance	BA / FRCC Staff	Quarterly		P1T2	Disturbance Control Standard
TOP-007-0	1,2	Reporting System Operating Limit (SOL) and Interconnected Reliability Operating Limit (IROL) Violations	TOP	Occurrence/ Monthly to FRCC		P2T1	System Operating Limit Reporting and Interconnected Reliability Operating Limit (IROL) Violations
TOP-007-0	4	Reporting System Operating Limit (SOL) and Interconnected Reliability Operating Limit (IROL) Violations	RC	Occurrence/ Monthly to FRCC		P2T2	System Operating Limit Reporting and Interconnected Reliability Operating Limit (IROL) Violations
INT-001-0	2, 4	Interchange Transaction Tagging	BA	Periodic NERC Tag Audit		P3T3	Interchange Transaction Implementation and Electronic Tagging
TOP-005-0	1, 2	Operational Reliability Information	BA / TOP / RC	12/31/2005		P4T2	System Coordination/Operational Security Information to RC
TOP-003-0	1	Planned Outage Coordination	TOP / RC			P4T4	Scheduled generator and transmission outages that may affect the reliability of interconnected operations must be planned and coordinated
EOP-002-0	2, 3	Capacity and Energy Emergencies	BA / RC	Occurrence		P5T1	Emergency Operations / Implementation of Capacity and Energy Emergency plans
EOP-001-0	4, 5	Emergency Operations Planning	BA / TOP	12/31/2005		P6T1	Emergency Operations/Preparation of Capacity and Energy Emergency Plans
EOP-005-0	1, 2	System Restoration Plans	TOP	12/31/2005		P6T2	Development/Review of System Restoration Plans
EOP-008-0	1	Plans for Loss of Control Center Functionality	BA / TOP / RC	12/31/2005		P6T3	Emergency Operations/Loss of primary Controlling Facility

**FRCC 2005 RELIABILITY STANDARDS  
COMPLIANCE AND ENFORCEMENT PROGRAM**

**APPENDIX B**

Reliability Standard Number	Requirement(s)	Current Approved Reliability Standard Name Effective April 1	Responsible Entity	Due Date	Date Completed	Retired Template	Brief Description of Template Measure
PER-001-0	1	Operating Personnel Responsibility and Authority	BA / TOP	12/31/2005		P8T1	System Operator Authority
PER-003-0	1	Operating Personnel Credentials	BA / TOP / RC	Monthly to FRCC		P8T2	Operator Certification
PER-004-0	1	Reliability Coordination - Staffing	RC				
PER-002-0	1, 2, 3, 4	Operator Personnel Training	BA / TOP	12/31/2005		P8T3	Operating Personnel and Training/Training Program
PER-004-0	2	Reliability Coordination - Staffing	RC				
IRO-004-0	1, 2, 3	Reliability Coordination - Operatings Planning	BA / TOP / RC	12/31/2005		P9T1	Procedures including next day Operations Planning
IRO-006-0	1, 3, 4, 5	Reliability Coordination - Transmission Loading Relief	TOP / RC	Occurrence		P9T2	Procedures/Implementing Transmission system relief
IRO-001-0	3	Reliability Coordination - Responsibilities and Authorities	RC	12/31/2005		P9T3	Procedures/Current Day Operations-Authority to Implement Emergency Procedures
EOP-002-0	9	Capacity and Energy Emergencies	RC	Occurrence		P9T4	Procedures/Energy Emergency Alerts

**PLANNING REQUIREMENTS**

TPL-001-0	1, 2, 3	System performance under normal conditions	PA / TP FRCC TWG	12/31/2005		I.A.M1	System performance under normal (no contingency) conditions with reporting requirements
TPL-002-0	1, 2, 3	System performance follow loss of a single BES element	PA / TP FRCC TWG	12/31/2005		I.A.M2	System performance following loss of a single bulk system element with reporting requirements
TPL-003-0	1, 2, 3	System performance following loss of two or more BES elements	PA / TP FRCC TWG	12/31/2005		I.A.M3	System performance following loss of two or more bulk system elements
TPL-004-0	1, 2	System performance following extreme BES events	PA / TP FRCC SWG	12/31/2005		I.A.M4	System performance following extreme events resulting in the loss of two or more bulk system elements

**FRCC 2005 RELIABILITY STANDARDS  
COMPLIANCE AND ENFORCEMENT PROGRAM**

APPENDIX B

Reliability Standard Number	Requirement(s)	Current Approved Reliability Standard Name Effective April 1	Responsible Entity	Due Date	Date Completed	Retired Template	Brief Description of Template Measure
FAC-001-0	1, 2, 3	Facilities Connection Requirements	TO	As required		I.C.M1	Facility Connection Requirements
MOD-010-0	1, 2	Steady-State Data for Transmission System Modeling and Simulation	TP / FTCC TWG	As required		II.A.M1	Submit data for steady state models
MOD-012-0	1, 2	Dynamics data for transmission system modeling and simulation	TP / FRCC SWG	As required		II.A.M3	Submit data for dynamics models
FAC-005-0	1, 2	Electric Facility Ratings for system modeling	GO / TO	As required by NERC IDWG, NLT 12/31/05		II.C.M2	Provide electrical facility ratings
PRC-005-0	1, 2	Transmission protection system maintenance and testing	GO / TO / DP	12/31/2005		III.A.M4	Transmission Protection system maintenance and testing
PRC-004-0	1, 2	Analysis and reporting of transmission protection system misoperations	GO / TO / DP	As required		III.A.M5	Analysis and reporting of transmission protection misoperations per Regional process
PRC-007-0	1, 2, 3	Assuring consistency with Regional UFLS programs	TOP / UFLS Owners and Operators	12/31/2005		III.D.M2	Assuring consistency of entity UFLS programs with Regional UFLS requirements
PRC-008-0	1, 2	Underfrequency load shedding system maintenance and testing	DP / TO	10/31/2005		III.D.M3	Implementation and documentation of UFLS equipment maintenance program
PRC-009-0	1, 2	UFLS performance following an underfrequency event	TOP / UFLS Owners and Operators	As required		III.D.M4	Analysis and documentation of UFLS program performance
PRC-011-0	1, 2	UVLS system maintenance and testing	DP / TO UVLS Owners	12/31/2005		III.E.M4	Under-voltage load shedding system maintenance and testing
PRC-016-0	1, 2, 3	Special Protection System misoperations	GP / TO / DP SPS Owners	As required		III.F.M5	Notification and analysis of SPS misoperations and corrective action plans
PRC-017-0	1, 2	Special Protection System Maintenance and Testing	GP / TO / DP SPS Owners	As required		III.F.M6	Implementation and Documentation of SPS Maintenance / Testing Program
EOP-009-0	1, 2	Documentation of Blackstart Generating Unit Test Results	GO / GOP Blackstart Unit Owners	As required		IV.A.M4	Document Blackstart unit test results

**FRCC 2005 RELIABILITY STANDARDS  
COMPLIANCE AND ENFORCEMENT PROGRAM**

**APPENDIX B**

<b>Reliability Standard Number</b>	<b>Requirement(s)</b>	<b>Current Approved Reliability Standard Name Effective April 1</b>	<b>Responsible Entity</b>	<b>Due Date</b>	<b>Date Completed</b>	<b>Retired Template</b>	<b>Brief Description of Template Measure</b>
FAC-003-0	1, 2	Vegetation Management Program	TO	Monthly		Vegetation Management	Transmission owners must have a vegetation management program

## **Appendix C**

Appendix C includes a list of the Operating and Planning Reliability Standards that the Region will be responsible for in the FRCC Reliability Standards Compliance Monitoring and Enforcement Program.

**FRCC 2005 RELIABILITY STANDARDS  
COMPLIANCE AND ENFORCEMENT PROGRAM**

**APPENDIX C**

<b>Current Approved Reliability Standard Name Effective April 1</b>	<b>Reliability Standard Number</b>	<b>Requirement(s)</b>	<b>Responsible Entity</b>	<b>Due Date</b>	<b>Date Completed</b>	<b>Retired Template</b>	<b>Brief Description of Template Measure</b>
Regional & interregional self-assessment of reliability reports	TPL-005-0	1, 2, 3	RRO / FRCC Staff	7/1/2005		I.B.M1	Regional and interregional self-assessment reliability reports
Assessment data from regional reliability organizations	TPL-006-0	1	RRO / FRCC Staff	7/1/2005		I.B.M2	Submit data needed to assess regional and interregional reliability
Define and document Disturbance Monitoring Equipment Requirements	PRC-002-0	1, 2	RRO / FRCC RTF	As required		I.F.M1	Define and Document Disturbance Monitoring Requirements
Regional Steady-state data requirements and reporting procedures	MOD-011-0	1, 2	RRO / FTCC TWG	As required		II.A.M2	Reporting Requirements/Procedures for steady state models
RRO Dynamics Data requirements and reporting procedures	MOD-013-0	1, 2	RRO / FTCC SWG	As required		II.A.M4	Reporting Requirements/Procedures for dynamics models
Development of Interconnection-specific steady-state system models	MOD-014-0	1, 2	RRO / FTCC TWG	As required by NERC MMWG		II.A.M5	Development of steady-state system models
Development of Interconnection-specific dynamics system models	MOD-015-0	1, 2	RRO / FTCC SWG	As required by NERC MMWG		II.A.M6	Development of dynamics system models
Actual and forecast demands, net energy for load, controllable DSM	MOD-016-0	1, 2	RRO / FRCC LFTF	As required		II.D.M1	Documentation on scope and details of demand forecasts
Special Protection System assessment	PRC-014-0	1, 2, 3	RRO / FTCC SWG	As required		III.F.M3	Assess effectiveness of SPS installations

June 20, 2005

## Appendix D

Version 0 Reliability Standards Organization Registration Information for FRCC

Organization Name/TSIN Code	Reliability Coordinator	Transmission Operator	Balancing Authority	Planning Authority	Transmission Planner	Regional Reliability Organization
Gainesville Regional Utilities (GVL)		X	X	X	X	
JEA (JEA)		X	X	X	X	
City of Tallahassee (TAL)		X	X	X	X	
Florida Municipal Power Pool (FMPP)			X			
Progress Energy Florida (FPC)		X	X	X	X	
Florida Power & Light Co. (FPL)		X	X	X	X	
City of Homestead (HST)			X			
Utilities Commission of New Smyrna Beach (NSB)		X	X			
Reedy Creek Improvement District (RC)			X	X	X	
Seminole Electric Cooperative (SEC)		X	X	X	X	
Tampa Electric Company (TEC)		X	X	X	X	
Orlando Utilities Commission		X		X	X	
Kissimmee Utility Authority		X		X	X	
Lakeland Electric		X		X	X	
Florida Reliability Coordinating Council	X					X
Ocala Electric Utility				X	X	
City of Vero Beach				X	X	
City of Key West				X	X	
City of Lake Worth				X	X	
Ft. Pierce Utilities				X	X	
Lee County Electric Cooperative		X		X	X	
Florida Keys Electric Cooperative		X		X	X	
Florida Municipal Power Agency				X	X	
Beaches Energy Services of Jacksonville Beach		X		X	X	
Southeastern Power Administration		X		X	X	

January 28, 2005



## Appendix E

### Sanctions & Penalties

NERC has developed penalties for varying levels of non-compliance with its standards. At present NERC can only impose simulated penalties. The table below is designed to assign penalties for violations of the same measure occurring in consecutive reporting periods (e.g., CPS 1 violations in back-to-back months). If a participant continues to be non-compliant with the same measure in the next reporting period, the violation column shifts to the right and the penalties are calculated starting in the second column. If non-compliance continues for four or more reporting periods, the applicable violation column is the farthest to the right.

<b>Sanctions &amp; Penalties</b>				
<b>Occurrence Period Category</b>	<b>Number of Violations in Occurrence Period at a Given Level</b>			
<b>1st Period of Violations (Fully Compliant Last Period)</b>	1	2	3	4 or more
<b>2nd Consecutive Period of Violations</b>		1	2	3 or more
	\$ Sanction from Table; Letter (C) only if Letter (B) previously sent			
<b>3rd Consecutive Period of Violations</b>			1	2 or more
	\$ Sanction from Table; Letter (C) only if Letter (B) previously sent			
<b>4th or greater Consecutive Period of Violations</b>				1 or more
	\$ Sanction from Table; Letter (C)			
<b>Level of Non-Compliance</b>				
<b>Level 1</b>	Letter (A)	Letter (A)	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 per MW
<b>Level 2</b>	Letter (A)	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 per MW	Letter (B) and \$4,000 or \$4 per MW
<b>Level 3</b>	Letter (B) and \$1,000 or \$1 Per MW	Letter (B) and \$2,000 or \$2 per MW	Letter (B) and \$4,000 or \$4 per MW	Letter (B) and \$6,000 or \$6 per MW
<b>Level 4</b>	Letter (B) and \$2,000 or \$2 per MW	Letter (B) and \$4,000 or \$4 per MW	Letter (B) and \$6,000 or \$6 per MW	Letter (B) and \$10,000 or \$10 per MW

**Notes:**

1. Operating measure violations are subject to **both** monetary fines and sanction letters.
2. All monetary penalties will be the greater of the fixed dollars or \$ per MW, shown above.
3. Planning measure violations are **only** subject to sanction letters (2003 Program Field Trial).

**Letter Distribution**

**Letter (A):**

Letter to the entity's vice president level or equivalent informing the entity of non-compliance, with copies to the data reporting contact, and the entity's highest ranking Regional Council representative.

**Letter (B):**

Letter to the entity's chief executive officer or equivalent, with copies to the data reporting contact, the entity's highest ranking Regional Council representative, and the Vice President over the area in which noncompliance occurred.

**Letter (C):**

Letter to the entity's chief executive officer and chairman of the board, with copies to the NERC president, regulatory authorities having jurisdiction over the noncompliant entity if requested by such regulatory authorities, the data reporting contact, the entity's highest ranking Regional Council representative, and the vice president over the area in which noncompliance occurred. Letter C is only issued when repeat violations have occurred across consecutive reporting periods and Letter B has previously been sent to the entity's CEO.

**Note:** A Region may, at its discretion, distribute sanction letters to regulatory authorities and higher levels of management within the noncompliant organization beyond what is specified by this NERC requirement.

## Appendix F

## **FRCC Procedure for Reporting and Disclosure of Violations of Operating Reliability Standards**

Any entity owning, operating or utilizing the Bulk Electric System in the FRCC Region is required to adhere to the Reliability Standards set forth by FRCC and NERC. Violation of any Reliability Standards directed at operations shall be reported to FRCC and to NERC in accordance with this procedure.

### **FRCC REPORTING**

FRCC will report violations of Reliability Standards directed at operations to NERC in two stages. The first stage is to report suspected, but not confirmed, violations. The second stage is to report confirmed violations.

#### **Suspected Violations**

The FRCC Director of Reliability or President will report verbally or by secure email, on a confidential basis, to the NERC Vice President of Compliance or the NERC President, within 48 hours of when FRCC Staff learns of the occurrence of a suspected violation of FRCC or NERC Reliability Standards. This does not apply to standards relating to reporting and administrative requirements. Such confidential reports shall include the following information:

- The nature and potential reliability impacts of the alleged violation
- The identity of the entities involved
- The status and timetable of any investigation

#### **Confirmed Violations**

The FRCC Compliance Committee (CC) will be responsible for confirming suspected violations by the following procedure:

- Perform a confidential investigation. The CC will appoint the appropriate committee, task force, FRCC staff, etc., to conduct an investigation as needed.
- Verify that a clear reliability standard exists stating what the requirements are and to whom the requirements apply.
- Notify the entity of the alleged violation with an opportunity for the entity to respond to draft findings and an opportunity to furnish a statement to accompany the final report.
- Develop a final report, including findings, recommendations for corrective actions, and schedules for identified corrective actions, along with any accompanying statement from the audited entity, that will be provided to the designated FRCC Member Representative of the entity under investigation.

- Provide an opportunity for the entity to appeal any adverse findings utilizing the FRCC dispute resolution process prior to public disclosure.
- Notify the entity prior to issuing any public report.

FRCC shall report to the NERC Vice President of Compliance on a quarterly basis the details of all confirmed violations of FRCC or NERC operating reliability rules other than reporting and administrative requirements regardless of significance. FRCC Staff will categorize the violations, provide an explanation of the reliability impact of the violation, and provide mitigation plans to address each violation.

All reports of confirmed violations will be posted on the NERC web site.

#### CONFIDENTIAL INFORMATION

Entities seeking to protect information as confidential have the obligation to demonstrate that the information qualifies for confidential treatment. Entities will be given a reasonable opportunity to demonstrate that information in an audit report or report of a violation is confidential before such report is disclosed to the public. They will also have the opportunity to appeal contested issues regarding confidentiality through the Dispute Resolution Process. The following types of information will be considered confidential and will not (subject to legal and regulatory requirements) be disclosed in any public information reported by FRCC:

- Confidential business and market information including information that is proprietary, commercially valuable or competitively sensitive, is a trade secret, or could be used to identify prices or costs of individual business transactions.
- Critical infrastructure information related to electric infrastructure, including information meeting the definition of Critical Energy Infrastructure Information as established by FERC in Orders 630, 630-A, and 643, regarding information required by FERC to be released by electricity market participants; information meeting the definition of Critical Infrastructure Information adopted in the Homeland Security Act of 2002, as established by Congress in the USA PATRIOT Act of 2001, regarding sensitive infrastructure and system information voluntarily provided to the government but not normally released to the public; as well as information meeting equivalent statutory definitions in Canada and Mexico.
- Personnel information that identifies or could be used to identify a specific individual reveals personnel, financial, medical, or other personal information or otherwise presents an invasion of personal privacy.

- Audit work papers and questionnaires.
- Investigative files.

Information that is already in the public domain will not be considered confidential information.

While protecting confidential information may require that public disclosure of audit findings and recommendations or final findings of violations be expressed in a redacted form or through a summary description of the facts and circumstances that gave rise to the findings, this must not prevent an indication of the nature and seriousness of the findings or violations. Reports on such matters will be written in a manner that does not disclose critical infrastructure information.

## Appendix G





## NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

*Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731*

### 2005 NERC Individual 48-Hour Rule Violation Reporting Instructions

#### **Purpose:**

Each regional reliability council shall report on a confidential basis to the NERC Compliance Program within 48 hours of the occurrence (or within 48 hours of when the regional council learns of the occurrence) all possible violations of NERC or regional reliability council operating reliability rules other than reporting and administrative requirements, whether verified or still under investigation. Such reports shall include information regarding the nature and potential reliability impacts of the alleged violations, the identity of the organizations involved, and the status and timetable of any investigation.

#### **Definition:**

A significant violation is one that could directly reduce the integrity of the interconnected power systems or otherwise cause unfavorable risk to the interconnected power systems by itself or in combination with other violations. By contrast, a violation of a reporting or administrative requirement would not by itself generally be considered a significant violation.

#### **Scope:**

Under the 48-hour rule, the Compliance and Certification Managers Committee (CCMC) agreed to report for the 2005 Compliance Enforcement Program all violations of reliability standards BAL-001 Req. 1-2, BAL-002 Req. 4, TOP-007 Req. 2, TOP-007 Req. 4, TOP-005 Req. 1, EOP-002 Req. 2, IRO-004 Req. 1, IRO-006 Req. 3-5 or EOP-002 Req. 9, which correspond to the old measures P1 T1, P1 T2, P2 T1, P2 T2, P4 T2, P5 T1, P9 T1, P9 T2, and P9 T4 respectively, regardless of whether it is judged by the reporting region to be significant or not. In addition, any other violation of a NERC or regional reliability standard, that is deemed significant by the reporting region, needs to be identified. Further, chronic or recurring violations of any reliability standard needs to be reported.

#### **Form:**

Click here for the Report Form: [Individual 48 Hour Violations Reporting Form\\_041805.doc](#)

**Chris Moore**

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**From:** Judy Harlow  
**Sent:** Wednesday, October 05, 2005 9:22 AM  
**To:** Chris Moore  
**Subject:** FW: Attachments for presentation for workshop tomorrow  
**Attachments:** Attachments for presentation.doc

---

**From:** Wiley, Ken [mailto:KWiley@frcc.com]  
**Sent:** Wednesday, October 05, 2005 8:43 AM  
**To:** Judy Harlow  
**Subject:** Attachments for presentation for workshop tomorrow

<<Attachments for presentation.doc>>

Judy:

Attached are the attachments that I will be referring to at the workshop tomorrow. Could you please make the necessary copies for the Commissioners and whomever else you deem necessary. Please let me know if you get this email.

Thanks.

Ken

## **NERC DEFINITIONS**

### **RELIABILITY STANDARDS**

A reliability standard defines certain obligation or requirements of entities that operate, plan, and use the bulk electric systems of North America. The obligations or requirements must be material to reliability and measurable. Each obligation and requirement shall support one or more of the stated reliability principles and shall be consistent with all of the stated reliability and market interface principles.

### **REGIONAL DIFFERENCES (To A NERC Reliability Standard)**

A regional difference is an aspect of a NERC reliability standard that applies only within a given region or regions. A regional difference may be used, for example, to exempt a particular region from all or a portion of a NERC reliability standard that does not apply in that region. A regional difference may establish different measures or performance criteria as necessary to achieve reliability within that region.

To the maximum extent feasible, regional differences should be addressed through the NERC standards process and incorporated into and approved as part of the NERC reliability standard. In all cases, if a requirement would otherwise be inconsistent with or less stringent than a NERC reliability standard, then that regional difference shall be made part of the NERC reliability standard.

### **REGIONAL STANDARDS**

Regions may develop, through their own processes, separate regional standards that go beyond, add detail to, or implement NERC reliability standards, or that cover matters not addressed in NERC reliability standards. Regional standards may be developed and exist separately from NERC reliability standards, or may be proposed as NERC reliability standards. Regional standards that exist separately from NERC reliability standards shall not be inconsistent with or less stringent than NERC reliability standards.

## **FERC DEFINITIONS**

(The following are what some in the industry think FERC meant in the NOPR)

### **RELIABILITY STANDARDS**

Same as NERC's.

### **REGIONAL DIFFERENCES (To A NERC Reliability Standard)**

Same as NERC's, except FERC's would also allow a Regional Entity to submit a regional difference standard as a stand-alone standard, not associated with a specific NERC standard.

### **REGIONAL STANDARD**

Would not allow for a Regional Entity to establish any reliability standard regarding the Bulk Power System unless NERC and FERC approved.

**FRCC RELIABILITY STANDARDS  
THAT “IMPLEMENT” OR “ADD DETAIL TO”  
NERC RELIABILITY STANDARDS**

Generator Underfrequency Relay Standard

Operating Reserve Policy

Area Control Error (ACE) Correction Process

Voltage and Reactive Control Standard

Interchange Schedule Ramp Requirement

Daily Capacity Assessment Procedure & Definitions

Special Protection Systems Review & Coordination Procedure

Data Sharing, Coordination, Communication Requirement

Generation Deficiency with Separation

Restoration Process

Automatic Underfrequency Load Shedding (UFLS) Program,

Communications Facilities

Determination of Florida/Southern Company Interface Limits

Reliability Coordinator Procedure for reporting operational events

**FRCC REGIONAL STANDARDS  
THAT “GO BEYOND”, OR  
“THAT COVER MATTERS NOT ADDRESSED  
IN NERC RELIABILITY STANDARDS”**

**FRCC Reserve Restoration Process**

This standard ensures that normal interchange practices do not impede an FRCC Control Area from scheduling necessary power purchases after experiencing the loss of a generating resource.

**FRCC ACE Correction Process**

This standard provides the Regional Security Coordinator guidance on how to respond to an abnormally high or low state import of electrical power. The import is representative of the balance between load and generation within the FRCC Control Areas. While an extreme ACE (Area Control Error) deviation by an individual or group of Control Areas could be procedurally acceptable based on normal operating criteria, there are certain FRCC specific, operating conditions where the deviations could expose the region to unacceptable Reliability risks and must be addressed by the region, as a whole.

***Security Procedures for Florida Transaction Management System (FTMS)***

This standard provides procedural requirements and controls for access to FTMS, which is a unique FRCC messaging and Reliability data collection computer application.

**Daily Capacity Assessment Procedures and Definitions**

This standard provides the individual Control Area operators specific instructions on completing the FTMS online capacity assessment computer application, which is used to measure the daily FRCC regional operating margin. Margin is measured relative to available resources along with interruptible customers versus the expected load demand of the Region.

**OPC Study Case Maintenance**

This standard describes the communication protocol between the Operation Planning Coordinator (OPC) and the FRCC Control areas. This protocol provides the OPC with the latest developments within the FRCC electrical infrastructure along with relevant operational information. This data is used to identify FRCC operational concerns as early as possible via the OPC week-ahead, month-ahead and seasonal system studies.

***Transmission Line Outage Report Standard***

This standard establishes procedural requirements on reporting and coordinating outages on bulk power transmission lines utilized within the FRCC. The outage reporting is done on the above referenced FTMS application and its output is used by several Reliability focused functions of the FRCC.

### **Security Coordinator Backup Procedure**

This standard establishes responsibilities along with the procedures used to transition the FRCC Security Coordination functions from a primary location to a secondary or backup location.

### **Determination of Florida/Southern Interface Limits**

This standard establishes power transfer limits into and out of Florida. The peninsular geography of Florida requires specific considerations when studying the electrical characteristics of the system. Based on the results of coordinated studies, the standard establishes specific operating and planning limits between the FRCC and its northern neighbors.

### **Security Coordinator Procedures for reporting Operational Events**

This standard provides FRCC specific requirements to the Security Coordinator in order to ensure consistent and complete reporting of operationally significant events within the FRCC.

### **Instruction Guide for Equipment Status Report**

This standard provides procedural requirements and instructions on maintaining the FRCC Equipment Status Report. The report contains near-term (rolling 12 months) information with respect to system changes within the FRCC electrical infrastructure along with special operating requirements. The information which includes new generation is used primarily by the OPC along with the Operating Reliability Subcommittee (ORS) in order to coordinate Reliability and maintenance within the interconnected region.