**MEMORANDUM**

TO: NAESB SRS

From: Kevin Spontak, SRS Co-Chair

Date: June 8th, 2018

Re: Impact on NAESB from NERC SER

**Issue**

NERC is reviewing possible standards to retire through a process called the Standard Efficiency Review (SER). In their SAR coming from the SER, NERC is proposing retiring a number of standards that will have a direct impact on NAESB’s WEQ standards.

NAESB has the opportunity to submit comments to NERC’s SAR on to or prior to June 20th, 2018.

**Facts & Discussion**

NERC Standards that may have an impact on NAESB WEQ standards are outlined below. The standard is in **bold** with the NERC rationale on possible retirement following. Where applicable, comments from the SRC (a group of ISOs/RTOs dedicated to reviewing NERC actions) follow the rationale and are underlined. These comments may be helpful to facilitate discussion within the SRS.

**Standards with Direct Impacts (Per NERC):**

**INT-004-3.1 R1.**

This requirement is no longer enforceable as the Purchasing Selling Entity is no longer a NERC registered function. The INT Periodic Review Team completed its analysis and determined the requirement is duplicative of the NAESB WEQ Business Practice Standards, specifically covered in existing NAESB WEQ-004-1 and WEQ-004-5, and in proposed NAESB WEQ-004-1.8.

Requirement R1: (1) IERP recommended for retirement, and (2) is duplicative because (a) language leading to the submittal of all Request for Interchange, which includes Dynamic Schedules and Pseudo-Ties, is contained in existing NAESB WEQ-004-1 and WEQ-004-5; and (b) the remaining element of Requirement R1, when Pseudo-Ties may be excluded, is contained in the NAESB proposed WEQ-004-1.8.

**INT-004-3.1 R2**

This requirement is no longer relevant as the Purchasing Selling Entity is no longer a NERC registered entity. The INT Periodic Review Team completed its analysis and determined the requirement is duplicative of a currently proposed revision to the NAESB WEQ Business Practice Standards. The language in R2, requiring Confirmed Interchange associated with Dynamic Schedules or Pseudo-Ties being updated for future hours when any of the three conditions cited in the requirement occur, is contained almost verbatim in the proposed NAESB WEQ-004-23. Additionally, the Independent Expert Review Team recommended the requirement be retired.

**INT-004-3.1 R1, R2, R3**

This standard may be retired since it satisfies Paragraph 81 Criteria ‘B6 – Commercial or Business Practice.’ Interchange scheduling and congestion are elements that impact transmission costs, rather than actual reliable management of the BES. Furthermore, the applicable entity for Requirements R1 and R2, the Purchasing-Selling Entity, has been removed from the list of NERC Functional Entities, supporting the market-based observations herein. R3 specifically refers to “Pseudo-Ties that are included in the NAESB Electric Industry Registry,” reinforcing the tie to NAESB WEQ Business Practice Standards.

SRC Comment for INT-004

We support the retirement of these requirements.

**INT-006-4 R3.1**

The INT Periodic Review Team (PRT) (Project 2017-04) conclusion supports retirement of this requirement. The INT PRT found no impact on reliability in requiring the RC being notified when a Reliability Adjustment Arranged Interchange has been denied. Additionally, RCs are notified via the electronic tag when a Reliability Adjustment Arranged Interchange is denied, as required in the NAESB e-Tagging Specifications.

**INT-006-4 R4**

The INT Periodic Review Team (PRT) (Project 2017-04) conclusion supports retirement of this requirement as it is duplicative of the NAESB e-Tagging Specifications Section 1.6.3.1 and Section 1.3, and is not a reliability-related task performed by a NERC registered entity.

**INT-006-4 R5**

The INT Periodic Review Team (PRT) (Project 2017-04) conclusion supports retirement of this requirement as it is duplicative of the NAESB e-Tagging Specifications Section 1.6.4, and is not a reliability-related task performed by a NERC registered entity. Additionally, it is contained on the list of standards not commonly identified through an IRA process.

SRC Comment for INT-006-4

We support the retirement of requirements INT-006-4 Requirement R3 Part 3.1, Requirement R4, and Requirement R5. However, we do question the rationale implying that the NAESB e-Tagging Specification is FERC approved. The NAESB e-Tagging Specification is not submitted to FERC for approval. Additionally, it should be noted that some entities which are required to follow the NERC reliability standards are not required to follow the NAESB standards.

**INT-010-2.1 R1, R3**

These requirements satisfy Paragraph 81 Criteria ‘B6 – Commercial or Business Practice’ and ‘B7 – Redundant’ because more stringent requirement(s) that meet the objectives are already included in WEQ-004-1 of the NAESB WEQ Business Practice Standards.

**INT-010-2.1 R2**

This requirement satisfies Paragraph 81 Criteria ‘B6 – Commercial or Business Practice’ and ‘B7 – Redundant’ because more stringent tagging requirement(s) that meet the objectives are already included in WEQ-004-8 of the NAESB WEQ Business Practice Standards.

SRC Comment for INT-006-4

We are concerned that the removal of INT010-2.1 removes the ability for an RC to direct a change to the interface flow before an Arranged Interchange is approved under the INT-006 Standard. Removal of INT-010-2.1 and the reference in INT-009-2.1 creates an issue with the requirement to submit tags, after the fact, for reliability adjusted Confirmed Interchanges and those that are required for reliability reasons such as emergency. Additionally, any changes to INT010-2.1 R1 should be coordinated with NAESB. NAESB Business Practice Standard WEQ-004-1.7 specifically references INT010-2.1 R1. California ISO and ERCOT have not signed on to these comments.

**Standards with Possible Impact:**

**IRO-006-5 R1 (ALL) (RT)**

Each Interconnection has its own TLR procedure within the NERC Reliability Standards. If an entity cannot respond to the RC’s request it can notify them in accordance with IRO-001-4 R2. Therefore, IRO-006-5 R1 is redundant and unnecessary.

**Conclusion**

TBD