

**From:** Gopi Biju

**Sent:** September 15, 2006 3:55 PM

**To:** Gopi Biju

**Subject:** IESO communication regarding commenting on NERC standards and violation risk factors (VRF) under development.

**Subject: IESO Reliability Standards Update**

**Violation Risk Factors (VRF)**

As you are aware, the IESO is trying to actively involve all interested market participants in the NERC standards development and commenting process. As part of this initiative, we are providing you with our comments on the Violation Risk Factors, which has been posted on the [NERC website](#) for a 30-day pre-ballot review, for comments.

The Need for Violation Factors

NERC Reliability Standards do not have any indicators regarding the risk of non-compliance with the various requirements associated with these standards. The proposed Violation Risk Factors indicate the potential reliability impact of violating a standard requirement. Each requirement is assigned a violation risk factor from the following three levels – High, Medium, or Lower. The future use of violation risk factors is described in the ERO Sanctions Guidelines, which can be found in Appendix 4 of the ERO Application posted at the following Web site:

[http://www.nerc.com/~filez/ero\\_applications\\_final.html](http://www.nerc.com/~filez/ero_applications_final.html)

Impact to Ontario Market Participants

Parallel to the influence of the violation risk factors on ERO sanctions, the Market Compliance and Assessment Division (MACD), the ring-fenced market monitor for the IESO, would consider the developed potential risk violation factor for non-compliance by market participants to any of the applicable NERC standards, which we have provided in the attached excel spreadsheets.

Development of Violation Risk Factors

The Violation Risk Factor matrix, which was initially developed by NERC, has already being through 2 rounds of commenting. The background and details of previous comments can be obtained at the following website:

<http://www.nerc.com/~filez/standards/Violation-Risk-Factors.html>

## Standards with Missing Measures and Compliance Elements

The IESO is providing you with our comments on the standards that do not have any measures or compliance elements associated with them. These have also been posted on the [NERC website](#) for a 30 day pre-ballot review, for comments.

### Need Identification

Many existing reliability standards are missing measures and compliance administration elements. Revisions to these standards are needed to complete the characteristics defined in the Reliability Standards Process Manual and to enable inclusion in the Compliance Monitoring Program. The measures along with associated compliance elements need to be added or revised to enable clearer and more consistent interpretation and application.

### Impact to Ontario Market Participants

The process identify measures and compliance elements for a number of standards that are applicable to Ontario generators (generator operators) {CIP-001-1, COM-002-1, EOP-004-1, IRO-001-1 (R8), IRO-005 (R13) PRC-001' TOP-001-1, TOP-002 and TOP-006). Existing policies and/or procedures might have to be reviewed and modified, if required, to comply with these measures. Alongside, the compliance elements will identify the various levels of non-compliance.

### Development Process

The missing measures and compliance elements process has already undergone 2 rounds of commenting. The background and details of previous comments can be obtained at the following website:

[http://www.nerc.com/~filez/standards/Compliance\\_Cleanup\\_V0.html](http://www.nerc.com/~filez/standards/Compliance_Cleanup_V0.html)

The IESO looks forward to the active participation of all market participants in the NERC commenting process. Please let us know if you would like to participate in these proceedings directly and we would be happy to guide you through the NERC commenting and balloting process. Please let us know if you require further information or clarification.

Regards,

**Biju Gopi,**  
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