

Comment Form — Reliability Standards Development Procedure — Version 7

Please use this form to submit comments on the proposed revisions to the **Reliability Standards Development Procedure**. Comments must be submitted by **February 21, 2007**. You may submit the completed form by e-mail to sarcomm@nerc.com with the words "RSDP" in the subject line. If you have questions please contact Maureen Long at maureen.long@nerc.net or by telephone at 609-452-8060.

Individual Commenter Information		
(Complete this page for comments from one organization or individual.)		
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NERC Region		Registered Ballot Body Segment
<input type="checkbox"/> ERCOT	<input type="checkbox"/>	1 — Transmission Owners
<input type="checkbox"/> FRCC	<input checked="" type="checkbox"/>	2 — RTOs, ISOs
<input type="checkbox"/> MRO	<input type="checkbox"/>	3 — Load-serving Entities
<input checked="" type="checkbox"/> NPCC	<input type="checkbox"/>	4 — Transmission-dependent Utilities
<input type="checkbox"/> RFC	<input type="checkbox"/>	5 — Electric Generators
<input type="checkbox"/> SERC	<input type="checkbox"/>	6 — Electricity Brokers, Aggregators, and Marketers
<input type="checkbox"/> SPP	<input type="checkbox"/>	7 — Large Electricity End Users
<input type="checkbox"/> WECC	<input type="checkbox"/>	8 — Small Electricity End Users
<input type="checkbox"/> NA – Not Applicable	<input type="checkbox"/>	9 — Federal, State, Provincial Regulatory or other Government Entities
	<input type="checkbox"/>	10 – Regional Reliability Organizations, Regional Entities

Background Information:

On January 18, 2007, the Federal Energy Regulatory Commission (FERC) issued an order on NERC's October 18, 2006 non-governance compliance filing. In its order, FERC directed NERC to make the following revisions to the Reliability Standards Development Procedure within 60 days:

1. Remove violation risk factors from the standards development procedure (addresses Paragraph 91 of the FERC Order – See page 7 of the revised manual)
2. Include a description of urgent actions directed by FERC or applicable authority in Canada (addresses Paragraph 28 and 29 of the FERC Order - See page 26 of the revised manual).

After reviewing the changes to the manual, please answer the following question:

1. Please provide any comments you have on the proposed revisions to the manual.

Comments:

(1)The IESO strongly disagrees with removing the violation risk factors (VRFs) from the Reliability Standard Development Procedure.

The VRFs provide an evaluation of the reliability impact for each of the reliability standard requirements, and along with Measures and Violation Severity Levels, they are a critical and an integral part of the reliability standards. The established NERC reliability standards development procedure provides an effective means to determine VRFs for new or modified reliability standards that allows inputs by a balance of interests with significant technical expertise and insight through a broad and thorough stakeholder-based development and approval process.

VRFs are integral to standards and hence separating VRFs from the rest of the standards development and approval process could destroy that integrity. The IESO feels strongly that the Violation Risk Factors should continue to be developed and approved through the NERC reliability standards development process so that they can be considered and voted in totality with the other standard components. Additionally, there is also the fact that these VRFs have a significant effect on the level of non-compliance monetary sanctions levied by the applicable authorities. These sanctions have a significant and material impact on the industry and hence not including industry consensus in the formulation of these VRFs is definitely not the correct approach.

The IESO urges NERC to raise all the above concerns with the Commission.

(2) The IESO does not foresee the frequent use, if at all, of urgent actions to develop reliability standards to take care of pressing operating reliability and security issues. However, we understand that this prudent process is required to meet FERC's directive, and therefore support the proposed revision that provides for a NERC-requested SAR to proceed through the standards development process.