

FUNCTIONAL MODEL COMMENTS

SAR Commenter Information (For Industry Groups Submitting Group Comments)		
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SRC Position Paper – NERC Functional Model

The ISO/RTO Council (“IRC”) appreciates the substantial effort and personal time that is being committed by all organizations to the Functional Model development.

The purpose of the Functional Model is to define “the set of functions that must be performed to ensure the reliability of the bulk electric system. It also explains the relationship between and among the entities responsible for performing the tasks within each function. The Model provides the foundation and framework upon which NERC develops and maintains its Reliability Standards”.

This model, while not a standard in and of itself, represents a critical component of reliability standards development, and hence the future reliable operation of the interconnected electricity system.

The IRC offers these comments in support of the prompt establishment of the Functional Model, with the sincere expectation that they will improve the reliability of interconnected operation of the Bulk Power Grids in North America.

The IRC supports this draft revision of the Functional Model with the condition that further clarification to authorities and relationships within the model, as described below, are resolved in a subsequent version and reflected in the implementation plan for the model for consideration at the March Standing Committee meetings.

1. The IRC recognizes the elements of clarification which have been incorporated in the Technical Document. While the approach is helpful, we are supportive of NERC’s objective to incorporate all requirements within the Functional Model itself, and relevant standards derived based on the model.
2. Reliability Authority - The Reliability Authority plays a central role in ensuring reliable operation. Given the importance of this role we propose strengthening the obligations and responsibilities of this function:
 - The model defines the RA as having the highest level authority. We believe that this needs to recognize explicitly the authority of the RA to direct all operational reliability functions within the RA Area.
 - The model should explicitly recognize that all bulk power facilities, without exception, must be under the direction of an RA.
 - The model defines the RA to be responsible for developing Interconnected Reliability Operating Limits (IROL’s). In order to perform its function the RA must have responsibility for developing all Operating limits within the RA Area, both IROL’s and SOL’s.
 - The model needs to clearly indicate that there should be no overlap in RA responsibilities and to preclude the possibility of multiple RA entities having control over common facilities.
 - Experience has shown that coordination between neighbouring reliability organizations is fundamental to reliable operation. Given that a primary goal of the Functional Model is to establish the relationships between organizations we recommend that the model explicitly recognize the requirement for the RA to coordinate its activities with neighboring RAs. This includes being able to monitor for problems outside of their area that would affect their area.

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3. Substantial areas of clarification are still required by the industry to effectively develop reliability standards. While these issues must not holdup the adoption of the Functional Model, nor standards development processes, they must, as a high priority, be addressed. These areas of clarification include;
 - Clarify whether the boundary/footprint requirements for entities performing the BA function should be identified and should preclude generator-only BA areas. Similarly, clarify whether a BA entity should fall under the authority of a single RA entity and should be within the RA footprint.
 - Experience has shown that the RA must have a 'wide-area' view. It is the IRC's desire to see larger rather than smaller RA's. The functional requirements of an RA demand a level of technical and organizational capability that benefits from economies of scale. This is not to say that 'smaller' RA's cannot exist, but that we believe reliability is best served by larger RA's coordinating effectively.

In the absence of clarity in these fundamental areas, standards development is somewhat chaotic and less efficient than might otherwise be possible. Recently it has been proposed that these fundamental areas be clarified through proposal and development of a SAR and subsequent reliability standard. We support this approach by the industry and will participate to achieve its success.
 4. The IRC supports the current incorporation of the Market Operator function in the model. We agree as a council that the Market Operator function has significant reliability and commercial aspects and that ISO's and RTO's are the vital links that permit these aspects to reliably coexist. However, this function and its integration of roles is addressed outside of NERC standards.
 5. The IRC recognizes and supports the understanding that loads and transactions as well as generators may provide the resources to comply with NERC standards. Occasionally, the Functional Model references only generators as providing a given functions, and these instances should be corrected.

Once again, the IRC thanks the Functional Model team for their efforts and appreciates the opportunity to offer these recommendations for improvement. The foregoing represents consensus agreement within the council. Individual companies may also respond on their own behalf to further emphasize particular areas of importance to their organizations.