Background Information for Agenda Item 4b.

Action Requested: The action requested of the Regional Entity Trustees is to approve the revision to SPP Criteria 5 [see attached] and direct the SPP RE staff to implement the revision across the SPP RE footprint, effective upon approval.

Background Discussion

SPP Criteria 5 has the general heading of 'Reliability Coordination Center' and outlines responsibilities and authorities of the SPP Reliability Coordinator, the stakeholders and the SPP Operating Reliability Working Group [ORWG].

Historically, Criteria 5 contained a section describing the ORWG's role in determining the 'critical facilities' operating in the SPP footprint. The 'critical facilities' list was originally developed by the ORWG for maintenance and outage reporting purposes. In 2004, the ORWG approved the same criteria for use in reporting vegetation related outages based on the NERC Reliability Standard FAC-003. The consensus, at the time, was that a single definition would suffice to monitor and report reliability issues. The master list of facilities was maintained by the SPP RC and was available on a 24x7 basis to entities that had access to the SPP OPS 1 page supported by the SPP RC.

The FAC-003 standard has an unusual applicability section that segregates the traditional Bulk Electric System [BES] definition into a mandatory category [facilities operated at 200kv or above] and a more narrowly focused sub-200kv group [transmission lines identified by the Regional Reliability Organization [RRO] as critical to the operation of the BES]. The original ORWG definition of 'critical facilities' met the mandatory feature of the applicability section and provided guidance for the sub-200kv facilities to the SPP Regional Entity and the Registered Entities. The sub-200kv category included three types of transmission lines:

Lines identified by definition – tie lines

Lines identified by performance – flow gate elements

Lines identified by entities – discretionary

In the fall of 2008, the SPP RE surveyed the other Regional Entities concerning their practices for the sub-200kv group because it was becoming evident to the SPP RE staff and to the SPP ORWG that the single definition was beginning to create a divergence of facilities among the registered entities. Among the issues reviewed by the SPP RE staff included: entities were removing facilities from the monitored list that were in the discretionary category, the constant changes in flow-gates created confusion and timing issues for the registered entities and the SPP RE staff, tie-lines with non- SPP RE registered entities were not being monitored by the non-SPP RE registered entity, some transmission operators were questioning the perceived responsibilities to notify other owners of changes to the master list and the SPP Criteria covers transmission facilities down to the 60kv level [below the 100kv threshold of the adopted BES definition]. In addition, the survey of other Regional Entities revealed that only the SPP RE and WECC were monitoring facilities in the sub-200kv category on a routine basis. The WECC monitors sub-200kv facilities identified in its 'critical path' facilities.

As a result of these reviews and a proposed revision to the FAC-003 Reliability Standard, the SPP RE staff and the SPP ORWG opened a dialogue concerning a change to the definition of 'critical facilities' applicable to vegetation management. This discussion was on the public agenda for the ORWG for three meetings held in 2009 and culminated in the approval of changes to SPP Criteria 5 [see attached] on April 8, 2009. The proposed changes focus the applicability of the sub-200kv facilities on those facilities that have been identified as being a monitored or contingent element in an Interconnected Reliability Operating Limit [IROL] flow-gate as identified by the SPP RC through its approved processes and publications. This proposal also removes the discretionary attribute of the original definition, provides clear direction on responsibilities, and provides a timing element for entities to adjust their vegetation

management programs consistent with the proposed revision to the FAC-003 standard.

Any open compliance issues that were reported or discovered prior to this revision will not be impacted by the proposed revision.

The SPP Markets and Operations Policy Committee approved the changes at its April 14, 2009 meeting. The SPP Board of Directors is scheduled to vote on this change at its April 28, 2009 meeting.

Requested by:

Ronald W. Ciesiel
Executive Director of Compliance
Southwest Power Pool Regional Entity

April 21, 2009

Southwest Power Pool, Inc.
OPERATING RELIABILITY WORKING GROUP
Recommendation to the Markets & Operations Policy Committee
April 14-15, 2009

Organizational Roster
The following members represent the Operational Reliability Working Group:

Kelson Energy	Mr. Jason Atwood
American Electric Power	Mr. Scott Lockwood
CLECO	Mr. Danny McDaniel
Southwestern Public Service	Mr. Kyle McMenamin
Westar Energy	Mr. Allen Klassen
Independence Power & Light	Mr. Paul Lampe
Oklahoma Gas & Electric	Mr. Don Hargrove
Nebraska Public Power District	Mr. Ron Gunderson
Omaha Public Power District	Mr. Tim Nissen
Kansas City Power & Light	Mr. Jim Useldinger
Lincoln Electric System	Mr. Dennis Florom
Empire District Electric	Mr. Brian Berkstresser

The following stakeholders participated in group discussions:

Kelson Energy	Mr. Jason Atwood
American Electric Power	Mr. Scott Lockwood
CLECO	Mr. Danny McDaniel
Southwestern Public Service	Mr. Kyle McMenamin
Westar Energy	Mr. Allen Klassen
Oklahoma Gas & Electric	Mr. Don Hargrove
Nebraska Public Power District	Mr. Ron Gunderson
Empire District Electric	Mr. Brian Berkstresser

Background
NERC Standard FAC-003 requires the Regional Reliability Organization to designate facilities that are applicable to the mandatory vegetation management programs. Historically, the same list of facilites that was used for coordination of maintenance outage requests was also applied to this standard. In order to better align SPP's applicable facilities with those elsewhere it was determined that a separate designation for those facilities applicable to FAC-003 be developed. The revised criteria language that the ORWG proposes will designate the list of facilities applicable to FAC-003 as all those greater than 200kV and all those less than 200kV that comprise an element of an IROL flowgate.

Analysis
In a conference call on April 8, 2009, the ORWG approved this criteria addition with a vote of 8 in favor, none opposed, no abstentions.

Recommendation
The ORWG recommends that the MOPC approve the additions to Criteria 5.

Approved: Operating Reliability Working Group April 8, 2009

Action Requested: Approval of the proposed additions to Criteria 5.

Attachments: The recommended Criteria language is attached.

(The language in red text below is proposed to be added to Criteria)

5.2.1 Member Responsibilities

Transmission Operators shall determine System Operating Limits (SOLs), as defined by NERC, in conjunction with transmission owners. SOLs will be provided for facilities that comprise flowgates and any other facilities as determined by the Transmission Operator in conjunction with the transmission owners. The Transmission Operator shall inform the Reliability Coordinator of changes to any SOL as specified in Appendix 7 and notify the Reliability Coordinator of any SOL violations.

5.2.1.1 Outage Reporting and Coordination

Balancing Authorities and Transmission Operators shall notify the Reliability Coordinator of current or foreseen operating conditions that may adversely affect interconnection reliability. Transmission Operators shall submit scheduled outages of all transmission facilities greater than 100kV to the Reliability Coordinator. Scheduled outages of transmission facilities between 60kV and 100kV should be submitted for those facilities identified by the RC and included in the regional models.

Scheduled outages of the following types of transmission facilities must be approved by the Reliability Coordinator prior to implementing the outage:

a. All transmission facilities rated at 230kV or above—for transformers, use the low-side voltage class.
b. All tie lines, 60kV and above.
c. All facilities, monitored and contingent elements, associated with flowgates
d. Other facilities specified by the Transmission Operator or the Reliability Coordinator as having a major impact on the transmission system or that affect the capability and reliability of generating facilities (backup station power, etc).

Forced outages of all transmission facilities identified above shall be submitted to the Reliability Coordinator along with estimated return-to-service time of the facility no later than 30 minutes after the outage. Forced outages of all other transmission facilities greater than 100kV and those identified facilities between 60kV and 100kV should be submitted as soon as practical after the outage. Any known updates to the return time should be submitted promptly to the Reliability Coordinator.

Balancing Authorities or Generator Operators, as appropriate, shall notify SPP of any generation derates resulting from Operational Flow Orders (OFOs) or Critical Notices or any other type of fuel delivery constraint. The parties submitting the information shall indicate that the derate is a result of an OFO, Critical Notices, or fuel delivery constraint and indicate which pipeline(s) or delivery constraints are impacting them.

Whenever an OFO, Critical Notices, or fuel delivery constraint causes an inability for the Generator Operator to meet its firm obligations, it must use the normal established communication protocols to notify its host Balancing Authority.

Furthermore, Balancing Authorities shall notify the SPP Reliability Coordinator should it be necessary to request a NERC Energy Emergency Alert and/or a SPP Other Extreme Conditions as a result of the OFO or Critical Notice.

5.2.1.2 Vegetation Management

This section of the SPP Criteria is applicable to all entities in the SPP Regional Entity footprint and the SPP Reliability Coordinator footprint.

For the purpose of this Criteria and NERC Reliability Standard FAC-003, the SPP Regional Entity [SPP RE], the SPP Reliability Coordinator and the SPP Operating Reliability Working Group are collaborating to act as the Regional Reliability Organization [RRO] as identified in the Standard.

NERC Reliability Standard FAC-003-1requires a vegetation management program for 'transmission lines operating at 200kV and above and to any lower voltage lines designated by the RRO as critical to the reliability of the electric system in the region' (applicable lines).

For the purpose of implementing FAC-003-1 and proposed revisions to the FAC-003 standard, the SPP RC will designate the applicable facilities that are to be monitored for compliance to the standard in consultation with the SPP ORWG.

The SPP Reliability Coordinator designates the following transmission lines as being subject to the FAC-003 standard:

1. All transmission lines operating at 200kV and above; and
2. All transmission lines, not included in 1. above that are listed as monitored or contingent elements of an Interconnection Reliability Operating Limit (IROL) flowgate as published in the *SPP IROL Relief Guides.*

The SPP Reliability Coordinator develops and identifies IROL flowgates on a continual basis to ensure reliability, However, IROL flowgate facilities will only be added to the applicable lines list annually to provide adequate time for Transmission Owners to incorporate those facilities into their Transmission Vegetation Management Plans.

The SPP Reliability Coordinator will maintain the master list of the applicable transmission lines. The facilities identified will become applicable to the standard 12 months after being identified by the RC.

The SPP RC is responsible for communicating to the appropriate Transmission Owners those transmission lines designated as applicable transmission lines by

the SPP RC and subject to compliance monitoring and reporting of vegetation contacts as detailed in NERC Reliability Standard FAC-003. The Transmission Owner shall develop communications and notification protocols for the purposes of implementing changes to the applicable transmission line list and for reporting vegetation contacts to the SPP RE.

5.2.2 Operating Reliability Working Group

The Operating Reliability Working Group shall be responsible for policy oversight of implementation and on-going reliability coordination processes and services as described in this Criteria. This working group shall make regular reports to the Markets and Operations Policy Committee.