

factsheet

November 2006

Reliability entity registration

Based on the NERC Functional Model

Progress to date

In August, BPA formed a task force, including customer representatives, to work with entities required under the Energy Policy Act of 2005 to register with the North American Electric Reliability Council (NERC) according to the reliability functions they perform under the NERC Reliability Functional Model. (See August 2006 factsheet, *Preparing for Reliability Entity Registration*, posted at www.bpa.gov/corporate/pubs/fact_sheets/06fs/fs0806.pdf.) The task force was created to provide coordination and assistance during the registration process. Current task force members are listed on the back page. BPA is also working with generating partners, balancing authorities and others to assure that responsible entities within the BPA balancing authority area are well coordinated and prepared for implementation of mandatory standards.

The task force identified communication with utilities as its highest priority. Members reviewed NERC definitions of functions, responsible entities, tasks, standards, requirements and registration criteria and developed resource materials. In October the task force presented entity registration workshops in Portland, Boise and Spokane, to provide utility managers with the latest information.

The task force's workshops built on material presented by Western Electricity Coordinating Council (WECC) staff in a series of workshops held last August. In addition, the task force provided updated information and delved into specifics on functions and applicable standards, requirements and measures. Presenters urged participants to see to the due diligence required to prepare for registration and compliance with the new standards.

At the request of WECC, BPA prepared a list of its utility customers and a preliminary assessment of their respective designations under the Reliability

Functional Model. Each BPA customer utility has received notification of the results of BPA's preliminary assessment of its registration obligations. BPA asked for customer comments on its assessment no later than Nov. 22. BPA will revise its assessment based on customer comments and provide the revised list to WECC on Dec. 1. This list is likely to form the basis for WECC's assessment of registration obligations for BPA customers.

Standards update

On Oct. 20, the Federal Energy Regulatory Commission (FERC) issued a Notice of Proposed Rulemaking (NOPR) on Mandatory Reliability Standards (RM06-16-000). FERC approved 83 reliability standards to be fully enforceable on June 1, 2007. FERC directed NERC to make modifications to 62 of these standards. An additional 24 standards are pending subject to development of additional information.

A key change from earlier proposals was the omission of an initial grace period when sanctions would be waived. FERC did allow NERC and WECC to use their enforcement discretion in deciding to impose sanctions.

FERC is accepting comments on the NOPR through Jan. 2, 2007. Commenting on the NOPR is one crucial way to voice your organization's concerns or requests for clarification.

Next steps

Entity registration

WECC has begun to collect registrations from utilities and other responsible entities. WECC will review these registration submittals, the assessment provided by BPA or other balancing authority, and other available information, to make its assessment



of the functions each entity performs. WECC will resolve any inconsistencies before forwarding the registrations to NERC.

If a responsible entity has not registered by early 2007, WECC may assess the entity's registration obligation and forward its assessment to NERC.

NERC, as the Electric Reliability Organization (ERO), will ultimately notify each entity of its registration designation. An entity may contest NERC's registration designation. According to FERC's order certifying NERC as the ERO, the resulting compliance registry is preliminary and non-binding until FERC makes final determinations concerning the applicability of each reliability standard to the various users, owners and operators of the bulk power system.

Preparing for mandatory standards

Entities responsible for performing reliability functions under the NERC Functional Model will be subject to mandatory standards applicable to each function. Each standard is associated with multiple requirements and measures. Failure to comply with applicable standards could result in monetary and/or operational sanctions. Utilities should begin now to review these requirements and to develop compliance plans.

BPA staff is reviewing requirements applicable to BPA functions and identifying standards that require additional actions to achieve compliance.

Delegation agreements

NERC currently requires registration by function, (i.e., more than one entity cannot register for a single

function; one responsible entity must be registered for the entire function).

In many cases, the registered entity does not perform all of the tasks listed under the function(s) for which it is registered. For those tasks, the responsible entity may enter into a delegation agreement with the party that performs the task(s). The delegation agreement will provide documentation of those tasks and describe how the tasks and associated standards and requirements are allocated. It also will specify how any potential sanctions are assigned.

The task force has formed a legal subgroup to develop delegation agreement templates. Negotiation and execution of delegation agreements are scheduled to occur between January and April 2007.

Several groups within BPA are reviewing the requirements in order to document which tasks are currently performed by BPA on behalf of other entities. BPA will use this analysis in working with customers to document who has the responsibility for fulfilling applicable requirements. These analyses will form the basis of the delegation agreements.

Additional information

The task force will post updated information on entity registration as it becomes available at: www.bpa.gov/corporate/business/nerc_ero/.

If you have comments or questions, please call your Transmission account executive, Anne Draper at (503) 230-4277 or Lorissa Jones at (360) 418-8978.

Entity registration task force

Organizations	Representatives
Northwest Requirements Utilities Legal representative – public utility focus	Geoff Carr Susan Ackerman
PNGC Power	Rick Paschall
Public Power Council Legal representative – public utility focus	Mark Thompson
Northwest Power Pool	Don Badley
United Electric Cooperative (transfer customer)	Ralph Williams
Bonneville Power Administration	Anne Draper, Lorissa Jones, Steve Larson, Todd Miller, Angela DeClerck, Don Watkins