



Dates & Events

March 2018

- 1 DHS Critical Infrastructure [Summit](#) Arlington, VA
- 7 NERC Emerging Technology [Roundtable](#) Jacksonville, FL
- 13-14 NERC Supply Chain [Advisory Sessions](#)
- 21 NERC Inverter-Based Resource [Webinar Series](#)
- 27-29 NERC Seventh Annual NERC Human [Performance Conference](#) Atlanta, GA

Electric Reliability Update

FEBRUARY 27, 2018

FERC

FERC Issues Final Rule on Primary Frequency Response - February 15 - FERC issued a final rule, [Order No. 842](#), revising FERC's pro forma Large Generator and Small Generator Interconnection Agreements (LGIA and SGIA, respectively) to require that all new generating facilities install, maintain, and operate a functioning governor or equivalent controls in support of primary frequency response as a precondition of interconnection. The order also revises the pro forma LGIA and SGIA to impose certain operating requirements developed by NERC, while allowing for the possibility of a future NERC Reliability Standard with equivalent or more stringent operating requirements. Further, FERC was persuaded by NERC's suggestion to require that interconnection customers provide relevant balancing authorities with the status and settings of their governor or equivalent controls upon request or when those controls are out of service. This rule will become effective 70 days after publication in the Federal Register.

FERC Issues Final Rule on Electric Storage Participation - February 15 - In [Order No. 841](#) FERC directed each ISO and RTO to revise its tariff to accommodate the participation of electric storage resources in the wholesale electric markets. FERC directed each ISO and RTO to establish a participation model that will: (1) ensure that storage resources can provide all capacity, energy, and ancillary services they are technically capable of providing in the RTO/ISO markets; (2) ensure that a resource using the participation model can be dispatched and can set the wholesale market clearing price as both a seller and buyer consistent with existing market rules; (3) account for the physical and operational characteristics of electric storage resources through bidding parameters or other means; and (4) establish a minimum size requirement for participation in the RTO/ISO markets that does not exceed 100 kW. For more information on Order No. 841, see VNF's alert [here](#).

FERC to Consider Distributed Energy Resources - February 15 - The 2016 proposed rule that led to Order No. 841 included proposed reforms for distributed energy resources (DERs) as well as energy storage resources. Rather than finalize the DER elements alongside energy storage reforms, FERC has created a separate docket (Docket No. RM18-9-000) to address the participation of DER aggregations in the wholesale electric markets, with a technical conference scheduled for April 10th and 11th. Additionally, FERC staff [issued a report](#) on DER considerations to inform the technical conference. The report discusses the need for visibility and accurate data from DER aggregations for successful integration into the bulk power system, as well as the need for coordination between the bulk power system and distribution levels and the potential reliability benefits of DERs.

Director of the Office of Electric Reliability Retires - February 15 - At FERC's February Open Meeting, FERC Chairman Kevin McIntyre announced the retirement of the Office of Electric Reliability's Director, Michael Bardee. Bardee served as the Director of the Office of Electric Reliability since 2012. [David Ortiz](#) has now stepped into the role.

FERC Issues Report on Frequency Control Requirements for Reliable Interconnection Frequency Response - February 13 - FERC's Office of Electric Reliability [issued a report](#) describing the relationships on which interconnection frequency response requirements are based, and the considerations that must be addressed to ensure that these requirements are met. The report sets forth a modeling approach to illustrate key relationships and interactions among the factors that influence interconnection frequency response. The approach aggregates generators according to whether they do or do not; (1) respond to frequency deviations (i.e., provide primary frequency response); (2) sustain primary frequency response and; (3) contribute inertia to the interconnection.

**NERC Balloting &
Comment Deadlines**

March 2018

- 2 [Comments Due:](#)
Project 2017-07 –
Standards Alignment
with Registration –
Standards
Authorization Request
- 7 [Initial Ballots and
Comments Due:](#)
Project 2017-02 –
Modifications to PER
Standards – PER-003-2
and Implementation
Plan

April 2018

- 9 [Additional Ballot,
Initial Ballot, Non-
binding Poll, and
Comments Due:](#)
Project 2015-10 –
Single Points of Failure
– TPL-001-5 and
Implementation Plan

NERC

NERC Quarterly Meeting: Two New Members to NERC Board of Trustees; Board Approves Transfer of SPP Entities - February 15 - At the [NERC Board of Trustee's quarterly meeting](#) held on February 8, the Board welcomed two new members to the Board: Suzanne Keenan and Robin Manning. The Board also reviewed activities regarding the dissolution of SPP as a Regional Entity (RE) and the transfer of SPP RE registered entities to other Regional Entities. In July, SPP and NERC agreed to terminate the SPP Regional Delegation Agreement. NERC outlined a criteria for transferring SPP RE's registered entities to other REs that drew upon NERC's Rules of Procedure Section 1208 criteria. REs initially submitted their transfer requests to NERC for consideration. Following the criteria, NERC management proposed the transfer of the 122 registered entities to SERC and MRO. The Board approved the recommendations, as well as the amendments required to update the SERC and MRO Regional Delegation Agreements to reflect these changes, and the formal termination of the SPP Regional Delegation Agreement.

NERC Submits its Budget-to-Actual Variance Information for 2017 4th Quarter - February 14 - In compliance with FERC's January 16, 2013 Order, NERC submitted the [unaudited report](#) of the NERC budget-to-actual spending variances for the last quarter of 2017. Overall, total funding was 0.3% over budget and total expenditures were 1.3% over budget – resulting in a net impact of \$1.7 million increase in operating reserves.

NERC Penalty Activity - January 31 - NERC filed with FERC a [spreadsheet notice of penalty](#) resolving 2 violations of 4 Reliability Standards totaling \$33,000 in penalties.

Regional Developments

NERC Seeks Approval of Revised SERC Regional Reliability Standards Development Procedure - February 12 - NERC submitted to FERC a [petition for approval](#) of the revised SERC Reliability Corporation Regional Reliability Standards Development Procedure (RSDP). SERC made several revisions to the RSDP to align with NERC documents and added an Errata provision to provide a straightforward procedure for correcting errors that may be discovered in approving regional standards.

Cybersecurity

DHS to Hold Critical Infrastructure Summit - February 12 - On March 1, the Department of Homeland Security's National Protection and Programs Directorate (NPPD) will [hold a meeting](#) of the Critical Infrastructure Partnership Advisory Council (CIPAC). The meeting is intended to allow CIPAC members to exchange ideas and engage in interactive discussion on cross-sector key issues, activities, goals and initiatives within the sixteen critical infrastructure sectors. VNF's Gwen Fleming and Darsh Singh will be in attendance.

Department of Energy Highlights Chess Master Project - February 22 - DOE's [Cybersecurity for Energy Delivery Systems \(CEDS\) Program](#) focuses on accelerating the commercialization of advanced cybersecurity technology. As part of the CEDS program, the Chess Master project sponsors energy stakeholders to research and develop technology that takes advantage of operational technology (OT) software-defined networking (SDN). OT SDN drastically improves packet delivery performance, increases cybersecurity without added complexity, centralizes situational awareness, enables safe scalability, and sustains critical energy delivery functions during a cyber intrusion through "whitelisting." More information on the Chess Master project is available [here](#).

NERC Launches New Cyber Awareness Program - February 7 - NERC's Electricity Information Sharing and Analysis Center (E-ISAC) [launched a new program](#) to enhance the exchange of information on potential threats with industry partners. The goals of the Industry Augmentation Program include:

- Raising awareness of E-ISAC cyber and physical security processes
- Increasing opportunities to receive feedback from industry protocols
- Strengthening utility programs and staff expertise.

**Selected Regional
Compliance / Training
Events**

March 2018

6-7 [SERC Spring Compliance Seminar](#)

27 [SPP RE Spring Workshop](#)

April 2018

17 [TRE Spring 2018 Standards and Compliance Workshop](#)

The first program participants were cybersecurity experts from the New York Power Authority and Salt River Project. E-ISAC intends to complete the pilot phase of the program in May.

Congress

Energy Cybersecurity Act Introduced in the Senate - February 15 - Senator Maria Cantwell (D-WA) introduced [S.2444, the Energy Cybersecurity Act of 2018](#). The bill would create several programs within the Department of Energy (DOE) to identify, enhance and test supply chain vulnerabilities and response capabilities between the DOE and other agencies, national labs and private industry. The legislation also would create an advanced energy security program to secure energy networks, including electric, natural gas, and oil exploration, transmission and delivery. S.2445 was introduced in the Senate and has been referred to the Committee on Energy and Natural Resources.

Grid Modernization Act Introduced in the Senate - February 15 - Senator Maria Cantwell (D-WA) introduced [S.2445, the Grid Modernization Act](#). The bill would authorize new DOE demonstration programs to modernize the grid with storage, microgrids, and distribution-level investments in technology like electric vehicle chargers and advanced distributed generation. The bill also directs the Secretary of Energy to develop model grid architecture and study the impacts of different combinations of resources on the electric grid. Finally, the bill directs the Secretary to establish a Steering Committee representing the public, private and academic sectors to facilitate the development of voluntary, public-private model pathways to modernize the electric grid. S.2445 was introduced in the Senate, and has been referred to the Committee on Energy and Natural Resources.

About Us

The Van Ness Feldman Electric Reliability Update is published by [Malcolm McLellan](#), [Suzanne P. Keppeler](#), [Van Smith](#), [Gabe Tabak](#), [Darsh Singh](#), [Tyler Elliott](#), and [Michael Weiner](#). [Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 206.829.1814 or 202.298.1800 for additional information. Click [here](#) to sign up for the Reliability Update. Follow us on Twitter [@VANNESSFELDMAN](#)

© 2018 Van Ness Feldman, LLP. All Rights Reserved. This document has been prepared by Van Ness Feldman for informational purposes only and is not a legal opinion, does not provide legal advice for any purpose, and neither creates nor constitutes evidence of an attorney-client relationship.