



Dec. 12, 2007

**Subject:** Approach for Documenting Communications Processes and Protocols for Compliance with NERC Reliability Standards

Bonneville Power Administration (Bonneville) has been working with public power representatives and attorneys for some time to collaborate on ways to ensure compliance with the North American Electric Reliability Council (NERC) mandatory reliability standards. One of the key areas of collaboration has been to develop NERC Mandatory Reliability Standards Delegation Agreements (Delegation Agreements) that describe the responsibilities delegated to Bonneville by the delegating customer.

The standard Delegation Agreements currently contain two exhibits (A and B).

- Exhibit A lists the reliability requirements applicable to the customer's system for which Bonneville assumes contractual responsibility.
- Exhibit B describes the requirements for which the customer remains responsible. Because future changes to the standards may not always be accurately captured in Exhibit B, the Delegation Agreements require the utility to be responsible for implementing all standards and requirements applicable to its system that are not listed in Exhibit A, regardless of whether they are listed in Exhibit B.

Recently, Bonneville met with public power attorneys to discuss development of an Exhibit C to be added to the Delegation Agreements. During negotiation of the Delegation Agreements, the concept of an Exhibit C was to document how communications and coordination would occur between Bonneville and customers to facilitate compliance with applicable NERC requirements. It was envisioned to include: (i) processes that already exist but need to be documented; (ii) new processes that do not exist now; (iii) further clarifications that have been requested, and (iv) any differences for transfer service customers. The purpose of the meeting was to agree on the best approach for documenting these and to determine whether their inclusion in Exhibit C as a contractual requirement would be prudent. While the Delegation Agreements contemplated an Exhibit C, they do not require one, and instead require only a good faith effort to negotiate one.

After much discussion and analysis, it was agreed that it would be best not to incorporate these items into an Exhibit C at this time. Converting the many details of these processes into contractual obligations would detract from the needed flexibility to efficiently modify the processes as needed and could impose administrative burdens on all parties. It could also mean an unending series of contract negotiations.

Instead, the participants agreed to the development of a non-contractual, on-line manual for use by Bonneville and customers that will be developed and revised as necessary in a collaborative manner. It will, for example, describe the deadlines by which Bonneville and customers must receive information from the other and conduct other activities in order to be compliant with various standards. It will

*Date:* Dec. 12, 2007

*Purpose/Subject:* BPA Communications/Coordination Items for Compliance with NERC Mandatory Reliability Standards

*Legal Disclaimer:* This information was sent via letter through Transmission Account Executives to customers eligible for delegation agreements with BPA.



incorporate other communications protocols that are developed and agreed to for compliance. The on-line manual will also address transfer service specific issues. Unless otherwise incorporated into the Delegation Agreement by mutual agreement, these would not constitute contractual obligations. Instead, they would hopefully represent the reasonable measures which each party should take with respect to information exchange. This non-contractual approach will allow more flexibility to add or make changes to processes and make them available in a timely manner, without having to go through contract negotiation or revision processes.

The absence of an Exhibit C does not leave a customer without rights and obligations with respect to information it may need from the other party. The standard Delegation Agreement provides for rights and obligations with respect to data exchange and coordination, apart from an Exhibit C. For example, in sections 9a and 9f, of the Delegation Agreement states:

- “a. Each Party shall provide in a timely manner to the other any information that is reasonably required and requested by the other Party in writing, and which is needed to perform its obligations under this Delegation Agreement, including without limitation information required by FERC, the ERO, the RRO to determine compliance with the Standards and Requirements for which Bonneville has assumed responsibility under this Delegation Agreement. Such information shall be provided in a timely manner.”
- “f. The Parties shall also timely provide each other with any information that is reasonably required, and requested by either Party in writing, to allow the requesting Party to comply with the Standards and Requirements, regardless of whether the requesting Party has assumed responsibility for such Standards or Requirements under this Agreement.”

These rights and obligations will continue to exist regardless of the status of Exhibit C. Under these provisions both Bonneville and the customer can request the information necessary to comply with the Standards and Requirements. If in the future, Bonneville finds that certain communication or coordination responsibilities are and they need to be incorporated into an Exhibit C, Bonneville will do so at that time.

Lastly, Bonneville is in the process of writing the highest priority information/processes, which will be posted the information/processes at: <http://www.bpa.gov/corporate/business/Reliability/index.cfm> by the end of December 2007. Customer comments will be accepted until the end of January 2008. Writing processes for remaining requirements will continue in to 2008.

We hope that posting this information rather than including it in the Agreement will improve efficiency of providing information to customers and processing comments on the material.

Please contact your Transmission account executive, your customer service engineer, Lorissa Jones at 360-418-8978 or Melanie Jackson at 360-418-2303 with questions.