

factsheet

May 2007

Reliability entity registration update

Progress to date

Since August 2006 BPA has worked with customers, generating partners, balancing authorities and others to understand and comply with entity registration responsibilities under the North American Electric Reliability Corporation Functional Model. (See previous fact sheets, “Preparing for Reliability Entity Registration,” August 2006, www.bpa.gov/corporate/pubs/fact_sheets/06fs/fs0806.pdf and “Reliability Entity Registration,” November 2006, www.bpa.gov/corporate/pubs/fact_sheets/06fs/fs113006b.pdf.)

A joint BPA/customer task force has been providing coordination and assistance for customer utility registration. Current task force members are listed on the last page.

At the request of the Western Electricity Coordinating Council, on Dec. 1, 2006, BPA submitted a preliminary list of its customers that appeared to meet registration criteria established by NERC.

BPA submitted a revised list on Feb. 16, 2007. BPA’s revisions were based on several factors: error correction; NERC clarification of registration criteria; technical review of customer-owned transmission facilities; and an analysis of “material impact” for customer utilities that meet NERC registration criteria for Load Serving Entity (LSE) and Distribution Provider (DP) registration.

A number of BPA customer utilities took issue with how BPA interpreted the NERC registration criteria. Customers said they had hoped BPA’s analysis of material impact would exempt many more small utilities from registration.

BPA concluded that NERC’s registration criteria were appropriate. After significant research and deliberation, BPA was not able to identify alternate criteria that would consistently determine material impact to the reliability of BPA’s system.

BPA’s analysis focused on aggregate impact, which is consistent with the approach described by NERC.

Registration options

Because many BPA customers, especially smaller utilities, disagreed with BPA’s interpretation of the NERC registration requirements, BPA agreed to work with a customer group to analyze additional registration options outlined by NERC. The analysis was limited to LSE and DP functions.

Option 1 – Customer registration with delegation agreements. BPA had expected that customers meeting the NERC criteria would be registered for their reliability functions under the NERC Functional Model. BPA anticipated that the requirements would be challenging, especially for small customers. In response, BPA committed to enter into delegation agreements with registered customers to assume responsibility for complying with reliability requirements applicable to tasks that BPA currently performs on behalf of customers. This is the base case.

Option 2 – Joint registration. Under NERC’s joint registration option, more than one entity may be registered for a single function. BPA and the customer would register jointly as LSE/DPs and identify in the registration submittal to WECC which responsibilities each entity would assume.



Option 3 – Joint registration organization registration. NERC has also provided for registration by one entity on behalf of another as a joint registration organization (JRO). Under this option, BPA would register as an LSE/DP on behalf of some customers.

Customer meeting on registration options

BPA, along with the customer group, held a customer meeting on March 23 to present results of the analysis and hear customer feedback. Customers who attended strongly favored Option 3, citing resource constraints, efficiency and economies of scale. Participants stressed their support for reliability objectives and expressed willingness to cooperate in meeting reliability standards. They argued that their limited resources should be focused on meeting reliability requirements rather than administering compliance programs. Customers considered both Option 1 and Option 2 to be administratively burdensome to them and an inefficient use of regional resources.

BPA response: Limited JRO option

After considering the analysis and customer opinions, BPA offered to register as JRO during a transition period for a subset of LSE/DP customers who choose this option and meet several conditions.

Eligibility

BPA will register as JRO on behalf of full and simple partial requirements customers that do not have functions other than LSE/DP with less than 100 megawatts peak load.

Conditions

- BPA will not register on behalf of a customer until a delegation agreement is signed, reflecting customer obligations to BPA in meeting reliability requirements.
- The delegation agreement will be for a term of three years and will include provisions for revision and termination.

- The customer will be responsible for any sanctions imposed for, or damages caused by, failure on its part to meet requirements; BPA will be responsible for its failures to comply.
- BPA cannot provide legal representation for customers in penalty proceedings before WECC, NERC or Federal Energy Regulatory Commission.

In addition, customers who elect this option will reimburse BPA for costs related to JRO administration.

Next steps

WECC used BPA's Feb. 16 submittal, as well as information received from individual utilities, to develop its registration listing for NERC. WECC provided its regional registration list to NERC on March 2, 2007. WECC did not include on this list any BPA customer that submitted information that was inconsistent with BPA's submittal. WECC has been notifying utilities of their status before forwarding additional registrations to NERC.

NERC began notifying registered entities of their proposed registration in April. Entities objecting to their proposed registration will have 21 days to file a written objection with NERC Director of Compliance. An appeals process is also available. See pages 8-9 of the following link: www.wecc.biz, click "Entity Registration" and then "Supplemental Registration Criteria and Dispute Process."

For those eligible customers electing the JRO option, BPA will register as LSE/DP on behalf of the utility upon execution of a delegation agreement. At that time the utility's LSE/DP registration can be withdrawn.

Standards update

On March 15, 2007, the Federal Energy Regulatory Commission issued a final rule approving 83 proposed reliability standards. The final rule will take effect 60 days from publication, June 4, 2007. Although the approved standards will be mandatory and fully enforceable, FERC directed NERC to modify 58 of the 83 standards. An additional 24 standards are pending subject to development of additional information.

FERC directed NERC to focus enforcement on the most serious violations during an initial period thorough Dec. 31, 2007. FERC also allowed NERC and WECC to use their enforcement discretion with regard to imposition of sanctions during the initial period. Enforcement discretion applies to all owners, users and operators of the Bulk Power System. FERC’s approach is intended to allow time to ensure that compliance monitoring and enforcement processes work and entities have time for implementation.

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	Bo Downen Mark Thompson
Bonneville Power Administration	Anne Draper, Lorissa Jones, Steve Larson, Todd Miller, Angela DeClerck, Don Watkins