

## MEMORANDUM

**TO:** Ken DeFontes, Chair  
NERC Board of Trustees

**FROM:** American Public Power Association  
Edison Electric Institute  
Electric Power Supply Association  
Large Public Power Council  
North American Generator Forum  
Transmission Access Policy Study Group

**DATE:** February 7, 2024

**SUBJECT:** Response to Request for Policy Input to NERC Board of Trustees

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The American Public Power Association, Edison Electric Institute, Electric Power Supply Association, Large Public Power Council, North American Generator Forum, and Transmission Access Policy Study Group (collectively, Joint Stakeholders), appreciate the opportunity to respond to your January 17, 2024 letter to the NERC Member Representatives Committee (MRC) Chair Jennifer Flandermeyer wherein the Board of Trustees (Board) requests MRC input regarding “opportunities for NERC in promoting greater alignment and engagement.” While our sectors have submitted separate responses consistent with our usual practice, we write jointly to underline our shared concerns regarding the draft changes to the NERC Rules of Procedure (ROP) proposed for discussion at the upcoming Board meeting, as well as the process by which that draft was developed. We are continuing to talk with NERC leadership and staff on this issue, and our sector representatives look forward to discussing concerns reflected herein and in our individual submissions, as well as other agenda items during the meetings of the Board and the MRC on February 14-15, 2024.

### ***Summary of Comments***

- The Joint Stakeholders *agree* with registering the owners and operators of non-Bulk Electric System (BES) Inverter Based Resources (IBRs) that materially impact the Bulk Power System (BPS). The thresholds are consistent with our shared goal of ensuring that the owners and operators of BPS-connected IBRs with an aggregate material impact on BPS reliability are registered and promptly subject to appropriate standards.
- We believe that the modest efficiencies intended to be achieved by the approach proposed by NERC will be illusory, because NERC’s approach, among other things, could cause confusion with standards drafting and understanding which standards are applicable to the stakeholders impacted by this change.
- The concerns with the current proposal can be addressed through changes to the NERC proposal as provided in the attached redline of Appendix 5B.

- Given the concerns identified by stakeholders in NERC’s proposed final changes to Appendices 5B, 5A, and 2, and the lack of a formal comment period to raise our concerns in writing regarding those proposed changes, the Joint Stakeholders appreciate that NERC has allowed some additional time for stakeholder collaboration with NERC Staff prior to submitting proposed ROP changes to the Board for approval.

### ***Joint Stakeholders’ Response***

The Joint Stakeholders share NERC’s goal of registering the appropriate set of IBR owners and operators; and we agree that 20 MVA and 60 kV, respectively, are appropriate bright-line thresholds for aggregate material impact. To this end, our sectors were supportive of what we understood to be the direction of the September 2023 posting.<sup>1</sup>

We appreciate that in the January 2024 posting, NERC clarified its proposed language in response to some comments received.<sup>2</sup> However, rather than creating new, independent “GO-IBR” and “GOP-IBR” registration categories, NERC’s revised proposal expands the definitions of the existing GO and GOP registration functions beyond the Bulk Electric System. We view this as a significant change, not a clarification.<sup>3</sup> The January 2024 posting would have benefited from stakeholder review and comment.

We and our respective members are concerned that this revised approach is significantly more confusing and less efficient than the original proposal to establish new independent categories for IBRs, both in the registration context and in its impacts on standards development and compliance. For example, if a Regional Entity (RE) believes that an entity already registered as a GO/GOP based on its ownership/operation of BES generation *also* owns/operates generation meeting the “Category 2” thresholds, it is not clear if and when the RE would inform the GO/GOP of that determination. Furthermore, to the extent that standards are revised to include “Category 1” and “Category 2” GO/GOP in the applicability, a GO/GOP that meets the criteria for only one of the categories would need to be prepared to demonstrate at each compliance engagement that it does not meet the criteria for the other, because no new registration process would be needed for it to be subjected retrospectively to standards for the additional category.

In addition, because there is an interrelationship between registration and standards drafting and compliance with existing standards, it is important for NERC to consider *all* of the potential impacts of its effort to subject these entities/facilities to appropriate standards. Indeed, the downstream impacts on standards and compliance are likely to be more far-reaching and difficult to manage than the direct impacts on registration. Even under the best circumstances, expansion of standards applicability beyond the BES will require particular care and precision, because there

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<sup>1</sup> See ROP Comments of Edison Electric Institute (Oct. 30, 2023); ROP Comments of Transmission Access Policy Study Group (Oct. 30, 2023) (TAPS Comments) (all comments compiled at <https://www.nerc.com/AboutNERC/RulesOfProcedure/ROP%20Comments%20IBR%20Registration%20Criteria.pdf>).

<sup>2</sup> While additional clarification would be beneficial, we believe that it can be provided via a reference document, which should be developed by a joint NERC Staff/stakeholder group and posted in draft form for public comment.

<sup>3</sup> See TAPS Comments at 1-3 (concluding, based on holistic analysis of September 2023 posting and NERC progress updates in FERC Docket No. RD22-4-001, that NERC’s intent was to create separate categories independent of GO/GOP registration; and explaining why combining the functions would be inappropriate and inadvisable). Comments from a broad array of stakeholders at the January 24, 2024 meeting of the Organization Registration and Certification Subcommittee characterized the January 2024 posting as an abrupt shift.

must not be vagueness or ambiguity regarding which facilities are subject to each revised standard and requirement going forward. The registration criteria will set the stage for these future efforts. Having “subcategories” of GO/GOP that are untethered to the BES Definition will add confusion to these efforts, and could raise questions regarding the applicability of *existing* GO/GOP standards to newly-included facilities, or even to non-BES units/plants that do not meet the new registration thresholds.<sup>4</sup>

If an approach is this confusing at the start, it will certainly create an untenable set of challenges for stakeholders responsible for standards compliance, staffing standard drafting teams, and voting on proposed standards. These issues will likely impact stakeholders’ and NERC’s respective abilities to respond to Order No. 901 and other FERC directives in a timely manner.

Creating new, independent registration categories will facilitate greater clarity for Standard Drafting Teams and ballot pool members responding to FERC directives, as well as for registered entities potentially subject to the resulting standards. For example, the BES-specific language in many standards will need to be addressed regardless of the approach chosen. Under a GO/GOP-IBR approach, this would necessarily involve revisions to individual standards, with orderly decisions regarding the appropriate implementation timeline for each standard/requirement. A “Category 2” approach, on the other hand, could instead revise Glossary definitions without revising individual standards, creating unnecessary confusion on compliance expectations and unintended compliance burdens. This is not a benefit of the Category 2 approach. Revising the Glossary would not be efficient, because the implementation plan for a Glossary definition would govern the applicability to new entities/facilities of all requirements in which that definition is used.

The Joint Stakeholders recommend moving the proposed “Category 2” GO and GOP definitions into separate “GO-IBR” and “GOP-IBR” rows in Section 2 of Appendix 5B (as shown in the attached redline),<sup>5</sup> with conforming changes to Appendices 2 and 5A. The deadline for filing Rules of Procedure changes at FERC is May 18, 2024. Again, we appreciate that NERC has postponed a Board decision on whether to approve the proposed changes to allow for further discussion and, we hope, improvements to the proposal.

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<sup>4</sup> A December 2023 NERC Staff report presented to the Reliability and Security Technical Committee (RSTC) indicated that six standards (BAL-001-TRE-2, MOD-032-1, IRO-010-3, TOP-003-4, PRC-012-2, and PRC-017-1) (a) should apply to the new class of IBR registrations and (b) do not use “exclusionary language” that would have to be modified to make them applicable to such newly-registered entities. While some currently-registered GO/GOPs may include non-BES generation in their compliance programs for some or all of these standards, there is by no means consensus that such an approach is required. And if these standards are treated as applicable without alteration to “Category 2” GO/GOPs’ IBR aggregations that meet the new registration thresholds, there is no clear basis on which to limit such expanded applicability to *only* such aggregations.

<sup>5</sup> The comments on which NERC relied for its proposal to expand the GO/GOP definitions—which included that option as one among several alternatives—appear to be based on a preference for having the new IBR thresholds in Section II of Appendix 5B (and in Appendix 2), rather than in a new Section IV as proposed in the September posting. See SEIA Comments at 2-3; Pine Gate Comments at 1, 4. We note that these commenters also requested that the September 2023 posting be revised to properly “reflect the mutually exclusive nature of these registrations.” SEIA Comments at 4; Pine Gate Comments at 4. While additional outreach is of course necessary, we believe it likely that our proposal to define GO-IBR and GOP-IBR in Section II of Appendix 5B, in a way that makes clear that these categories are independent of GO/GOP registration, will address these commenters’ concerns at least as effectively as the January 2024 proposal.

Function Type	Acronym	Definition/Discussion
Balancing Authority	BA	The responsible entity that integrates resource plans ahead of time, maintains Load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real-time.
Distribution Provider	DP	<p>Provides and operates the “wires” between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the Transmission Owner also serves as the Distribution Provider. Thus, the Distribution Provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage.</p> <p>Note: As provided in Section III.b.1 below, a Distribution Provider entity shall be an Underfrequency Load Shedding (UFLS)-Only Distribution Provider if it is the responsible entity that owns, controls or operates UFLS Protection System(s) needed to implement a required UFLS program designed for the protection of the BES, but does not meet any of the other registration criteria for a Distribution Provider.</p>
Frequency Response Sharing Group	FRSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating resources required to jointly meet the sum of the Frequency Response Obligations of its members.
Generator Operator	GOP	The entity that <del>1) operates generating Facility(ies) and performs the functions of supplying energy and Interconnected Operations Services (Category 1 GOP); or 2) operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV (Category 2 GOP).</del>
<u>Generator Operator – Inverter-Based Resource</u>	<u>GOP-IBR</u>	<u>The entity that operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.</u>
Generator Owner	GO	The entity that <del>1) owns and maintains generating Facility(ies) (Category 1 GO); or 2) owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV (Category 2 GO).</del>

<u>Generator Owner – Inverter- Based Resource</u>	<u>GO-IBR</u>	<u>The entity that owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.</u>
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Function Type	Acronym	Definition/Discussion
Planning Authority/ Planning Coordinator	PA/PC	The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and Protection Systems.
Reliability Coordinator	RC	The entity that is the highest level of authority who is responsible for the Reliable Operation of the BES, has the Wide Area view of the BES, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator's vision.
Regulation Reserve Sharing Group	RRSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply the Regulating Reserve required for all member Balancing Authorities to use in meeting applicable regulating standards.
Reserve Sharing Group	RSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply Operating Reserves required for each Balancing Authority's use in recovering from contingencies within the group. Scheduling energy from an Adjacent Balancing Authority to aid recovery need not constitute reserve sharing provided the transaction is ramped in over a period the supplying party could reasonably be expected to load generation in (e.g., ten minutes). If the transaction is ramped in more quickly (e.g., between zero and ten minutes), then, for the purposes of recovery from a Reportable Balancing Contingency Event, the areas become a Reserve Sharing Group.
Resource Planner	RP	The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific Loads (customer demand and energy requirements) within a Planning Authority area.
Transmission Owner	TO	The entity that owns and maintains transmission Facilities.
Transmission Operator	TOP	The entity responsible for the reliability of its local transmission system and operates or directs the operations of the transmission Facilities.
Transmission Planner	TP	The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority area.
Transmission Service Provider	TSP	The entity that administers the transmission tariff and provides Transmission Service to Transmission Customers under applicable Transmission Service agreements.