Unofficial Comment Form

Project 2024-01 Rules of Procedure Definitions Alignment (Generator Owner and Generator Operator)

Do not use this form for submitting comments. Use the Standards Balloting and Commenting System (SBS) to submit comments on an additional Standard Authorization Request (SAR) for **Project 2024-01 Rules of Procedure Definitions Alignment (Generator Owner and Generator Operator); SAR IBR Registration and Standards Applicability Glossary Update** by **8 p.m. Eastern, Monday, September 16, 2024.**

Additional information is available on the project page. If you have questions, contact Senior Standards Developer, Jessica Harris (via email) or at 404-710-4885.

Background Information

The project will address concerns regarding the reliability impacts of inverter-based resources (IBRs) on the Bulk-Power System that do not meet the current definition of Bulk Electric System (BES) and have not historically been required to be registered with NERC for compliance with the NERC Reliability Standards. Such concerns are discussed in detail in the Federal Energy Regulatory Commission (FERC) November 17, 2022 order in Docket No. RD22-4-000, in which FERC directed NERC to develop a work plan to address the registration of these IBRs and ensure their compliance with Reliability Standards by certain milestone dates. See Registration of Inverter-Based Resources, 181 FERC ¶ 61,124 (Nov. 17, 2022).

This additional SAR concerns an additional definition to be considered for those IBRs that fall below the BES criteria and meet the new registration classification. This SAR also concerns additional definitions for "non-material IBR" and "IBR-DER" as referenced within FERC Order No. 901.[1]

In March 2024, NERC proposed changes to its Rules of Procedure registry criteria to include certain non-BES IBRs in the Generator Owner (GOs) and Generator Operator (GOP) categories. Revising the GO and GOP definitions in the NERC Glossary of Terms to match the registry criteria will ensure these previously unregistered IBRs will be subject to the NERC Reliability Standards and mitigate their impacts on the BPS. On June 27, 2024 FERC approved the proposed revisions to the NERC Rules of Procedure.[2] Per the ruling:

> Pursuant to section 215(f) of the FPA, we approve NERC's proposed revisions to its Rules of Procedure as just, reasonable, not unduly discriminatory or preferential, and in the public interest because these revisions should ensure that unregistered IBRs will become subject to Reliability Standards currently applicable to generator owners and operators in May 2026 and then become subject to additional Reliability Standards following the implementation of projects developed in accordance with Order No. 901.[3]

[1] https://www.ferc.gov/media/e-1-rm22-12-000
[2] https://www.ferc.gov/media/e-6-rr24-2-000
[3] Ibid at P 1.

This project will continue to be apprised of updates to the NERC IBR Registration Initiative[4] to ensure reasonable effective dates are implemented and consistent with the NERC Registration Rollout strategy for Category 2 Generator Owners and Generator Operators.

[4] https://www.nerc.com/pa/Documents/IBR_Quick%20Reference%20Guide.pdf

Questions

1. Do you agree with the proposed project scope to create a new definition for Sub-BES IBRs? Please provide any additional information to support your response.

   ☒ Yes
   ☐ No

   Comments: Yes. A definition of Sub-BES IBRs is needed to facilitate the development of Milestone 3 and 4 standards in compliance with Order 901, and for future IBR-related standards efforts. FERC has directed that non-BES IBR facilities that meet the new Category 2 registration criteria be subject to certain standards as laid out in Order 901. Drafting teams will thus need to be able to refer to this class of facilities in a way that is both clear and consistent. Clarity regarding what facilities are included in proposed standards/requirements is necessary so that stakeholders can comment effectively on drafts, and so that registered entities and regulators can be confident that the final standard is fair and enforceable and will achieve its reliability goals.

   Some of the delay in the development of the Milestone 2 standards is attributable to (a) those projects' dependence on a definition of "Inverter-Based Resource" that was under development at the same time as the Milestone 2 projects, as well as (b) the lack of a defined term for non-BES IBR facilities that meet the Category 2 registration criteria, which led to inconsistencies in referring to those facilities across projects. While two of the Milestone 2 standards have been approved by the ballot pool, PRC-029 has not, and is the subject of the NERC Board's first exercise of Rule 321. In addition, despite attempts at coordination among the Milestone 2 drafting teams, the three standards' applicability sections are inconsistent; PRC-030 has been posted for an additional ballot to, among other things, remedy that inconsistency. This SAR will help to prevent a repeat of the Milestone 2 experience by proactively developing defined terms so that drafting teams working on Milestone 3 and 4 projects will have the appropriate tools at hand when they need them, allowing those SDTs to avoid unnecessary delays and to produce better standards that are clearer and more protective of reliability.

2. Do you agree with the proposed project scope to include in a new definition for Sub-BES IBRs or within a new or revised Standard to provide for "ex ante certainty" regarding which IBR facilities are considered to be Sub-BES IBRs? Please provide any additional information to support your response.

   ☒ Yes
   ☐ No

   Comments: Yes. Registered entities and compliance monitoring staff should know from the outset which generation facilities are subject to which standards. This issue is too fundamental, and implicates too many standards, to leave to auditor discretion, potentially subjecting registered

entities to extensive noncompliance findings if an auditor interprets the applicable definition differently from the registered entity.

In addition, where an IBR facility does *not* meet the new registration thresholds, that facility's host TO or DP will be responsible (pursuant to Order 901 and Milestone 3 standards) for providing data and models of the IBR to grid planners and operators. It is thus vital that the GO/GOP, interconnecting TO/DP, and Regional Entity have a shared understanding regarding the status of each IBR. In the absence of that understanding, IBR data may either be double-counted (reported by both the owner and the host TO/DP) or fall through the cracks (reported by neither entity), undermining the ability to achieve the reliability goal set by FERC.

3. Do you agree with the proposed project scope to create a new definition for Non-Material IBRs and IBR-DERs? Please provide any additional information to support your response.

☒ Yes
☐ No

Comments: Yes. Order 901's directives apply differently with respect to (1) BES IBR facilities and Sub-BES IBRs (as defined in the SAR); (2) IBR facilities that fall below the revised registration thresholds but are connected to the Bulk *Power* System (which the SAR refers to as "Non-Material IBRs"); and (3) IBR facilities that are connected to the distribution system (which the SAR mirrors Order 901 in calling "IBR-DERs"). To avoid unnecessary delays, defined terms for all three classes of non-BES IBRs should be developed on an expedited timeframe so that drafting teams working on Milestone 3 and 4 standards can refer to the appropriate classes of IBR facilities clearly and consistently.

It is important to provide some means of ex ante certainty regarding which IBRs fall into each category of facilities. As noted in response to question 2, the categorization of an IBR determines which registered entity—GO/GOP or TO/DP—is responsible for providing data and models of the IBR to grid planners and operators. It is thus vital that a facility's owner/operator, the utility to which it is interconnected, and the Regional Entity be on the same page regarding the status of each IBR.

4. Provide any additional comments for the drafting team to consider, if desired.

Comments: Given that there is no longer time for terms developed by this project to be incorporated into the Milestone 2 projects, there is no longer a need to take a phased approach. Instead, all three defined terms should be developed on an expedited basis so that they are available for use by the Milestone 3 drafting teams.

We do not anticipate that the majority of the work proposed in the SAR will prove controversial, given that the general parameters of the three categories to be defined are established by Order 901, and that FERC has already approved the thresholds for Sub-BES IBRs in its order accepting NERC's revisions to the Statement of Compliance Registry Criteria. However, in order to define "Non-Material" (BPS-connected) IBRs and "IBR-DERs," the SDT will need to determine a

reasonable proxy for the boundary between the BPS and the distribution system. Because the definition of the Bulk Power System—a statutory term that is relevant to the limits of FERC's and NERC's reliability jurisdiction—is significantly less granular than the NERC-developed definition of the Bulk *Electric* System, it may be challenging to draw this boundary. As with the remainder of the work proposed in this SAR, however, defining the boundary between Non-Material IBRs and IBR-DERs cannot be avoided: if the Project 2024-01 SDT were to refrain from doing so, the Milestone 3 SDTs would instead need to set a boundary on a piecemeal basis, because data and models of IBR-DERs may be provided "in the aggregate," whereas data and models of Non-Material IBRs may not be aggregated. The SDT may be able to minimize the potential for controversy by (1) using the same 60 kV boundary as the Category 2 GO/GOP and Sub-BES IBR definitions, because FERC has accepted that boundary as satisfying its 2022 directive to "register owners and operators of IBRs *that are connected to the Bulk-Power System*" (*Registration of Inverter-Based Resources*, 181 FERC ¶ 61,124 P 1 (2022) (emphasis added)), and (2) indicating clearly that the 60 kV threshold is merely a proxy for the lower limit of the BPS, and that FERC is the ultimate authority regarding the BPS/local distribution boundary. *See N. Am. Elec. Reliability Corp.*, Order Approving Revisions to North American Electric Reliability Corporation Rules of Procedure and Requiring Compliance Filing, 187 FERC ¶ 61,196 P 54 & n.127 (2024).