

establish certain standards of “presumptive compliance” and allow an opportunity for institutions that do not meet those standards to rebut the presumption of noncompliance, or should FHFA devise an alternative structure, such as one that incorporates “bright line” tests for each of the various eligibility requirements and does not create presumptions that an institution would be permitted to rebut?<sup>27</sup>

*Question Sixteen:* Should FHFA play a role in resolving close membership issues, or leave them to the discretion of the Banks?

### III. Request for Comments

FHFA invites comments on all of the issue discussed above, and will consider all comments in developing a proposed rule to amend its membership regulations.

Dated: December 20, 2010.

**Edward J. DeMarco,**

*Acting Director, Federal Housing Finance Agency.*

[FR Doc. 2010-32467 Filed 12-23-10; 8:45 am]

**BILLING CODE 8070-01-P**

## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

#### 15 CFR Parts 732, 738, 740, 743, 758, and 774

[Docket No. 100923470-0626-02]

**RIN 0694-AF03**

#### Export Control Modernization: Strategic Trade Authorization License Exception

**AGENCY:** Bureau of Industry and Security, Commerce.

**ACTION:** Proposed rule; correction.

**SUMMARY:** This document corrects a typographical error in the address for submitting e-mail comments that appeared in a proposed rule, “Export Control Modernization: Strategic Trade Authorization License Exception,” published on December 9, 2010.

<sup>27</sup> In January 2010, FHFA revised its membership regulations to implement statutory amendments authorizing CDFIs to become Bank members. As part of those revisions, FHFA allowed CDFI applicants that could not demonstrate compliance with certain of the specific standards relating to financial condition to provide alternative information demonstrating that they are in sound financial condition. By raising the larger issue of the appropriate regulatory structure for the membership regulations FHFA does not intend to change its policy, as evidenced by the recent revisions, that CDFI applicants are to be given latitude in demonstrating the soundness of their financial condition.

**DATES:** Comments must be received by BIS no later than February 7, 2011.

**ADDRESSES:** Comments on this correction may be submitted to the Federal rulemaking portal (<http://www.regulations.gov>). The regulations.gov ID for this rule is: BIS-2010-0038.

Comments may also be submitted via e-mail to [publiccomments@bis.doc.gov](mailto:publiccomments@bis.doc.gov) or on paper to Regulatory Policy Division, Bureau of Industry and Security, Room 2705, U.S. Department of Commerce, Washington, DC 20230. Please refer to RIN 0694-AF03 in all comments and in the subject line of e-mail comments.

**FOR FURTHER INFORMATION CONTACT:**

William H. Arvin, Regulatory Policy Division, e-mail [warvin@bis.doc.gov](mailto:warvin@bis.doc.gov), telephone 202-482-2440.

**SUPPLEMENTARY INFORMATION:** The address for submitting e-mail comments was incorrectly stated under the

**ADDRESSES** caption of a proposed rule entitled “Export Control Modernization: Strategic Trade Authorization License Exception” (75 FR 76653, December 9, 2010). This correction notice states the correct e-mail address in the **ADDRESSES** caption, which is [publiccomments@bis.doc.gov](mailto:publiccomments@bis.doc.gov).

In proposed rule FR Doc. 2010-30968, beginning on page 76653 in the issue of December 9, 2010, make the following correction: On page 76654, in the **ADDRESSES** section, correct “[publiccomments.bis.doc.gov](mailto:publiccomments.bis.doc.gov)” to read “[publiccomments@bis.doc.gov](mailto:publiccomments@bis.doc.gov)”.

**Bernard Kritzer,**

*Director, Office of Exporter Services.*

[FR Doc. 2010-32441 Filed 12-23-10; 8:45 am]

**BILLING CODE 3510-33-P**

## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

#### 18 CFR Part 40

[Docket No. RM10-5-000]

#### Interpretation of Protection System Reliability Standard

December 16, 2010.

**AGENCY:** Federal Energy Regulatory Commission, Energy.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The North American Electric Reliability Corporation (NERC) has submitted a petition (Petition) requesting approval of NERC’s interpretation of Requirement R1 of Commission-approved Reliability Standard PRC-005-1 (Transmission and Generation Protection System

Maintenance and Testing). The Commission proposes to accept the NERC proposed interpretation of Requirement R1 of Reliability Standard PRC-005-1, and proposes to direct NERC to develop modifications to the PRC-005-1 Reliability Standard, as discussed below, through its Reliability Standards development process to address gaps in the Protection System maintenance and testing standard, highlighted by the proposed interpretation.

**DATES:** Comments are due February 25, 2011.

**ADDRESSES:** You may submit comments, identified by docket number and in accordance with the requirements posted on the Commission’s Web site, <http://www.ferc.gov>. Comments may be submitted by any of the following methods:

- **Agency Web Site:** Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format, at <http://www.ferc.gov/doc-filing/efiling.asp>.

- **Mail/Hand Delivery:** Commenters unable to file comments electronically must mail or hand deliver an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426.

**FOR FURTHER INFORMATION CONTACT:** Ron LeComte (Legal Information), Office of the General Counsel, 888 First Street, NE., Washington, DC 20426. 202-502-8405. [Ron.lecomte@ferc.gov](mailto:Ron.lecomte@ferc.gov).

Danny Johnson (Technical Information), Office of Electric Reliability, Division of Reliability Standards, 888 First Street, NE., Washington, DC 20426. 202-502-8892. [Danny.johnson@ferc.gov](mailto:Danny.johnson@ferc.gov).

**SUPPLEMENTARY INFORMATION:**

NERC submitted the Petition requesting approval of NERC’s interpretation of Requirement R1 of Commission-approved Reliability Standard PRC-005-1 (Transmission and Generation Protection System Maintenance and Testing). NERC developed the interpretation in response to a request for interpretation submitted to NERC by the Regional Entities Compliance Monitoring Processes Working Group (Working Group).<sup>1</sup> The Commission proposes to accept the NERC proposed interpretation of Requirement R1 of Reliability Standard

<sup>1</sup> The Working Group is a subcommittee of the Regional Entity Management Group which consists of the executive management of the eight Regional Entities.

PRC-005-1, and proposes to direct NERC to develop modifications to the PRC-005-1 Reliability Standard, as discussed below, through its Reliability Standards development process to address gaps in the Protection System maintenance and testing standard highlighted by the proposed interpretation, as discussed below. The Commission seeks comments on its proposal.

## I. Background

2. Section 215 of the Federal Power Act (FPA) requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval.<sup>2</sup> Specifically, the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a Reliability Standard if it determines that the Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.<sup>3</sup> Once approved, the Reliability Standards may be enforced by the ERO, subject to Commission oversight, or by the Commission independently.<sup>4</sup>

3. Pursuant to section 215 of the FPA, the Commission established a process to select and certify an ERO,<sup>5</sup> and subsequently certified NERC.<sup>6</sup> On April 4, 2006, NERC submitted to the Commission a petition seeking approval of 107 proposed Reliability Standards. On March 16, 2007, the Commission issued a Final Rule, Order No. 693,<sup>7</sup> approving 83 of the 107 Reliability Standards, including Reliability Standard PRC-005-1. In addition, pursuant to section 215(d)(5) of the FPA,<sup>8</sup> the Commission directed NERC to develop modifications to 56 of the 83 approved Reliability Standards, including PRC-005-0.<sup>9</sup>

4. NERC's Rules of Procedure provide that a person that is "directly and materially affected" by Bulk-Power

System reliability may request an interpretation of a Reliability Standard.<sup>10</sup> In response, the ERO will assemble a team with relevant expertise to address the requested interpretation and also form a ballot pool. NERC's Rules of Procedure provide that, within 45 days, the team will draft an interpretation of the reliability standard and submit it to the ballot pool. If approved by the ballot pool and subsequently by the NERC Board of Trustees (Board), the interpretation is appended to the Reliability Standard and filed with the applicable regulatory authorities for approval.

## II. Reliability Standard PRC-005-1

5. The purpose of PRC-005-1 is to "ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested." In particular, Requirement R1, requires that:

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

6. NERC defines "Protection System" as follows: "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."<sup>11</sup>

## III. NERC Proposed Interpretation

7. In the NERC Petition, NERC explains that it received a request from the Working Group for an interpretation of Reliability Standard PRC-005-1, Requirement R1, addressing five specific questions. Specifically, the Working Group questions and NERC proposed interpretations include:

*Request 1:* "Does R1 require a maintenance and testing program for the battery chargers for the 'station batteries' that are considered part of the Protection System?"

*Response:* "While battery chargers are vital for ensuring 'station batteries' are available to support Protection System functions, they are not identified within the definition of 'Protection Systems.'"

Therefore, PRC-005-1 does not currently require maintenance and testing of battery chargers."

*Request 2:* "Does R1 require a maintenance and testing program for auxiliary relays and sensing devices? If so, what types of auxiliary relays and sensing devices? (i.e., transformer sudden pressure relays)."

*Response:* "The existing definition of 'Protection System' does not include auxiliary relays; therefore, maintenance and testing of such devices is not explicitly required. Maintenance and testing of such devices is addressed to the degree that an entity's maintenance and testing program for DC control circuits involves maintenance and testing of imbedded auxiliary relays. Maintenance and testing of devices that respond to quantities other than electrical quantities (for example, sudden pressure relays) are not included within Requirement R1."

*Request 3:* "Does R1 require maintenance and testing of transmission line re-closing relays?"

*Response:* "No. 'Protective Relays' refer to devices that detect and take action for abnormal conditions. Automatic restoration of transmission lines is not a 'protective' function."

*Request 4:* "Does R1 require a maintenance and testing program for the DC circuitry that is just the circuitry with relays and devices that control actions on breakers, etc., or does R1 require a program for the entire circuit from the battery charger to the relays to circuit breakers and all associated wiring?"

*Response:* "PRC-005-1 requires that entities (1) address DC control circuitry within their program, (2) have a basis for the way they address this item, and (3) execute the program. Specific additional requirements relative to the scope and/or methods are not established."

*Request 5:* "For R1, what are examples of 'associated communications systems' that are part of 'Protection Systems' that require a maintenance and testing program?"

*Response:* "Associated communication systems" refer to communication systems used to convey essential Protection System tripping logic, sometimes referred to as pilot relaying or teleprotection. Examples include the following:

- Communications equipment involved in power-line-carrier relaying;
- Communications equipment involved in various types of permissive protection system applications;
- Direct transfer-trip systems;
- Digital communication systems.

\* \* \*

<sup>2</sup> 16 U.S.C. 824.

<sup>3</sup> *Id.* 824o(d)(2).

<sup>4</sup> *Id.* 824o(e)(3).

<sup>5</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, order on reh'g, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

<sup>6</sup> *North American Electric Reliability Corp., 116 FERC ¶61,062, order on reh'g & compliance, 117 FERC ¶61,126 (2006), aff'd sub nom. Alcoa, Inc. v. FERC, 564 F.3d 1342 (DC Cir. 2009).*

<sup>7</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, order on reh'g, Order No. 693-A, 120 FERC ¶61,053 (2007).

<sup>8</sup> 16 U.S.C. 824o(d)(5).

<sup>9</sup> Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1475.

<sup>10</sup> NERC Rules of Procedure, Appendix 3A, Reliability Standards Development Procedure, Version 6.1, at 26-27 (2007).

<sup>11</sup> See NERC Glossary of Terms Used in Reliability Standards at [http://www.nerc.com/docs/standards/rs/Glossary\\_of\\_Terms\\_2010April20.pdf](http://www.nerc.com/docs/standards/rs/Glossary_of_Terms_2010April20.pdf).

8. In support of its request for approval, NERC states that it believes that this interpretation both fairly represents the language of the Reliability Standard and clarifies what components should be included in the maintenance and testing programs specified in the requirement. NERC states that this interpretation supports the reliability of the Bulk-Power System by providing greater clarity regarding the components that make up a Protection System as defined in the NERC Glossary of Terms.

9. NERC states that an interpretation of a Reliability Standard requirement cannot expand the intent or meaning of the requirement.<sup>12</sup> As such, NERC states that any modifications to the language in the requirements must be processed through the NERC *Reliability Standards Development Procedure, Version 6.1*. With this in mind, NERC further states that it must clarify the requirement language in PRC-005-1a to provide a complete framework for maintenance and testing of equipment necessary to ensure the reliability of the Bulk Power System. NERC states that this activity is already underway in the scope of Project 2007-17—Protection System Maintenance and Testing.<sup>13</sup>

#### IV. Discussion

10. The Commission proposes to accept NERC's proposed interpretation of Reliability Standard PRC-005-1 Requirement R1. As discussed above, NERC's Glossary defines "Protection System" as: "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry." NERC's proposed interpretation essentially identifies what equipment is considered to be a "protective relay," "associated communication system," "sensing device," or "station battery." None of these terms or phrases within the NERC definition of "Protection System" are further defined anywhere else. NERC's interpretation provides further meaning to these phrases, is not inconsistent with the language of the Reliability Standard and, therefore, appears

reasonable. Further, the interpretation should assist in providing a consistent understanding of what constitutes a "Protection System" for those entities that must comply with Reliability Standard PRC-005-1. Accordingly, we proposed to approve NERC's interpretation.

11. However, we are concerned that the proposed interpretation highlights a gap in the required Protection System maintenance and testing pursuant to Requirement R1 of PRC-005-1.<sup>14</sup> In support of our concern, we note that the NERC Glossary includes protective relays within the definition of Protection System. As discussed below, we believe that all components that serve in some protective capacity to ensure reliable operation of the Bulk-Power System should be included within the definition of "Protection System" and should be maintained and tested accordingly—not just the limited subset identified in the NERC interpretation. We note that NERC's practice prior to mandatory and enforceable Reliability Standards included such elements, and we believe that that understanding should be restored in either the definition or the Reliability Standard. In particular, prior to the Version 0 standards, NERC's Compliance Template for NERC Planning Standard III.A.M4—System Protection and Control, Transmission Protection System, S4 (Protection system maintenance and testing programs shall be developed and implemented) stated that "[t]ransmission system protection identification [components] shall include, *but are not limited to*; relays, instrument transformers, communication systems where appropriate, and batteries" (emphasis added).<sup>15</sup> The "but are not limited to" language was not translated into the

Version 0 Reliability Standards that were filed for Commission approval. In addition to NERC's Glossary definition, the Institute of Electronics and Electrical Engineers (IEEE) defines "protective relay" as a relay whose "function is to detect defective lines or apparatus or other power system conditions of an abnormal or dangerous nature and to initiate appropriate control circuit action." Therefore, to prevent a gap in reliability, any component that detects any quantity needed to take an action, or that initiates any control action (initial tripping, reclosing, lockout, *etc.*) affecting the reliability of the Bulk-Power System should be included as a component of a Protection System. Accordingly, to address our concern, pursuant to section 215(d)(5) of the FPA, we propose to direct NERC to develop a modification to the Reliability Standard to include any component or device that is designed to detect defective lines or apparatuses or other power system conditions of an abnormal or dangerous nature and to initiate appropriate control circuit actions.

#### A. Request 2

12. In response to Request 2, NERC stated that the existing definition of "Protection System" "does not include auxiliary relays," and that auxiliary relays need only be maintained if an entity's maintenance and testing program "for DC control circuits involves maintenance and testing of imbedded auxiliary relays." Further, the interpretation excludes the maintenance of all devices that "respond to quantities other than electrical quantities" and, specifically, sudden pressure relays. We are concerned that these exclusions contradict the purpose statement of PRC-005-1, which provides that "all transmission and generation Protection Systems affecting the reliability of the BES are maintained and tested," and, as discussed below, will result in a gap in the maintenance and testing of Protection Systems affecting the reliability of the Bulk-Power System.

13. If auxiliary relays are included within the Protection System, in conjunction with other protective relays (*e.g.*, as a contact multiplier or interface between dissimilar protective systems), or as part of the Protection System scheme (*e.g.*, as the relay that initiates a protective action for Bulk-Power System elements), they must be maintained and tested to prevent a gap in the reliability affecting the Bulk-Power System. This requirement is consistent with NERC's recommendation of Protection System components specified for performance

<sup>12</sup> NERC Request for Approval of Interpretation at 8.

<sup>13</sup> NERC Project 2007-17, Protection System Maintenance and Testing proposes to revise the definition of Protection System as "protective relays which respond to electrical quantities, communication systems necessary for correct operation of protective functions, voltage and current sensing devices providing inputs to protective relays, station dc supply associated with protective functions (including station batteries, battery chargers, and non-battery-based dc supply), and control circuitry associated with protective functions through the trip coils(s) of the circuit breakers or other interrupting devices."

<sup>14</sup> Because the term "Protection System" is present in other approved Reliability Standards, the interpretation affects other Reliability Standards not addressed within the scope of the proposed interpretation.

<sup>15</sup> The Requirement R1.1 provisions in the development of the Version 0 definition of Protection System maintenance and testing program requirements included:

R1.1. Transmission protection system identification shall include *but are not limited to* (emphasis added):

R1.1.1. Relays.

R1.1.2. Instrument transformers.

R1.1.3. Communications systems, where appropriate.

R1.1.4. Batteries.

R1.2. Documentation of maintenance and testing intervals and their basis.

R1.3. Summary of testing procedure.

R1.4. Schedule for system testing.

R1.5. Schedule for system maintenance.

R1.6. Date last tested/maintained.

tests based on NERC's historical standards, and experience from system events.<sup>16</sup> Components include protective relays, AC current and voltage sources, communication channel, DC control circuitry, auxiliary relay, breaker trip coil, and DC source as components of a Protection System. This requirement is also consistent with the Commission's understanding of the term "protective relay" used in the NERC Glossary definition of Protection System as including all of the individual devices that are either programmed or set to respond to specific conditions, provide input as to the status of facilities, provide or receive signals from communication channels, and initiate actions as required to assure faults, other abnormal conditions, and any other automatic action associated with a fault or abnormal action intended to assure reliability. Auxiliary relays that are used either within the DC control circuitry of a Protection System or in conjunction with other Protective System components,<sup>17</sup> such as those used as part of the communication channels to provide or receive signals to interface with the DC control circuitry, and are necessary for the correct operation of the Protection System, and the failure to maintain the auxiliary relay will result in a gap in the maintenance and testing of Protection System affecting the reliability of the Bulk-Power System.

14. As noted previously, we also are concerned that the proposed interpretation excludes non-electrical sensing relays. "Protective relays" are listed as a component in the NERC definition of "Protection System." Under a plain reading, the term "protective" describes a relay that serves to protect the Reliable Operation of the Bulk-Power System, and thus includes all relays with no stipulation or requirements on device inputs. Some protective relays that do not respond to electric quantities (e.g., sudden pressure relays) nevertheless should be considered as part of the Protection System because they can be crucial for ensuring reliable operation. If a component is designed to sense or take action against an abnormal system condition that will affect the reliable

operation of the Bulk-Power System, excluding that component results in a gap in the maintenance and testing of relays affecting the reliability of the Bulk-Power System. Accordingly, pursuant to section 215(d)(5) of the FPA, we propose that NERC propose a modification to the Reliability Standard to address our concern. Specifically, we propose to direct NERC to include any device, including auxiliary and backup protection devices, that is designed to sense or take action against any abnormal system condition that will affect reliable operation.

#### B. Request 3

15. In request 3, the Working Group asks whether Requirement R1 requires maintenance and testing of transmission line re-closing relays. Reclosing relays are typically used on the Bulk-Power System to address concerns with system stability, system security, or continuity of service, and must be maintained to ensure correct operation.<sup>18</sup> In addition, because the operation of such high-speed reclosing relays is usually automatic and within one second of the tripping of the Bulk-Power System element,<sup>19</sup> the operation of these relays must also be coordinated with the initial tripping of the Bulk-Power System element. A misoperating or miscoordinated reclosing relay may result in the reclosure of a Bulk-Power System element back onto a fault or that a misoperating or miscoordinated reclosing relay may fail to operate after a fault has been cleared, thus failing to restore the element to service. As a result, not only is damage to the Bulk-Power System element a concern, but where misoperation and miscoordination is an issue, the stability/reliability of the Bulk-Power System is threatened. While a reclosing relay is not identified as a specific component of the Protection System, if it either is used in coordination with a Protection System to achieve or meet system performance requirements established in other Commission—approved Reliability Standards,<sup>20</sup> or can exacerbate fault conditions when not

properly maintained and coordinated,<sup>21</sup> we are concerned that excluding the maintenance and testing of these reclosing relays will result in a gap in the maintenance and testing of relays affecting the reliability of the Bulk-Power System. Accordingly, pursuant to section 215(d)(5) of the FPA, we propose that NERC propose a modification to the Reliability Standard to include the maintenance and testing of reclosing relays affecting the reliability of the Bulk-Power System.

#### C. Request 4

16. In Request 4, the Working Group asks whether maintenance and testing of the entire DC control circuitry is required under Requirement R1. As discussed above, we understand that maintenance and testing of DC control circuitry includes all components of DC control circuitry necessary for ensuring Reliable Operation. For a Protection System to operate reliably, the DC control circuitry must both have appropriate current carrying capability and be insulated sufficiently to maintain appropriate voltages within the protection system. We are concerned that not establishing the specific requirements relative to the scope and/or methods for a maintenance and testing program for the DC circuitry results in a gap in the maintenance and testing of Protection System components affecting the reliability of the Bulk-Power System. Accordingly, pursuant to section 215(d)(5) of the FPA, we propose to direct NERC to develop a modification to the Reliability Standard to address our concern. Specifically, we propose to direct NERC to develop a modification to the Reliability Standard that explicitly includes maintenance and testing of all DC control circuitry that is necessary to ensure proper operation of the Protection System, including voltage and continuity.

#### D. Conclusion

17. As discussed above, we propose to accept the proposed interpretation. However, we are concerned that there are gaps in Protection System maintenance and testing, as highlighted by the interpretation. To address our concerns, the Commission proposes to direct NERC to develop modifications to the PRC-005-1 Reliability Standards through its Reliability Standards development process.

<sup>16</sup> See NERC Protection System Maintenance, A Technical Reference, September 13, 2007; NERC Protection System Reliability, Redundancy of Protection System Elements, November 2008.

<sup>17</sup> Such auxiliary relays may include lockout relays, timer relays, breaker status relays, and transfer trip output contacts which form the necessary logic and decisions of the Protection System that ultimately result in a trip or reclose of a Bulk-Power System element through the trip coil(s) of the circuit breaker or other interrupting devices.

<sup>18</sup> We further note that the operation of reclosing relays are also used in the derivation of Interconnection Reliability Operating Limits (IROLs) if high speed reclosing is part of the protection scheme associated with the transmission lines, which system operators use in real-time to maintain reliable operation of the Bulk-Power System.

<sup>19</sup> High-speed reclosing is generally not used for certain Bulk-Power System elements, fault types, and conditions, e.g., transformers and underground cables.

<sup>20</sup> For example, they may be needed to meet the performance requirement of the TPL (transmission planning) Reliability Standards.

<sup>21</sup> One such outage occurred in ReliabilityFirst resulting in the loss of over 4,000 MW of generation and multiple 765 kV lines.

## V. Information Collection Statement

18. The Office of Management and Budget (OMB) regulations require that OMB approve certain reporting and recordkeeping (collections of information) imposed by an agency.<sup>22</sup> The information contained here is also subject to review under section 3507(d) of the Paperwork Reduction Act of 1995.<sup>23</sup>

19. As stated above, the Commission previously approved, in Order No. 693, the Reliability Standard that is the subject of the current Notice of Proposed Rulemaking (NOPR). This NOPR accepts an interpretation of the currently approved Reliability Standard and does not change this standard. The interpretation of the current Reliability Standard at issue in this rulemaking is not expected to change the reporting burden nor impose any additional information collection requirements.

20. For the purposes of reviewing this interpretation, the Commission seeks information concerning whether the interim interpretation as approved will cause respondents to alter reporting frequencies and potentially impose an additional burden.

21. We will submit this proposed rule to OMB for informational purposes.

*Title:* Mandatory Reliability Standards for the Bulk-Power System.

*Action:* Proposed Collection.

*OMB Control No.:* 1902-0244.

*Respondents:* Businesses or other for-profit institutions; not-for-profit institutions.

*Frequency of Responses:* On Occasion.

*Necessity of the Information:* This proposed rule would approve an interpretation of the specific requirements of a Commission-approved Reliability Standard. The proposed rule would find the interpretation just, reasonable, not unduly discriminatory or preferential, and in the public interest.

22. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director, phone: (202) 502-8663, fax: (202) 273-0873, e-mail: [data.clearance@ferc.gov](mailto:data.clearance@ferc.gov)]. For submitting comments concerning the collection(s) of information and the associated burden estimate(s), please send your comments to the contact listed above and to the Office of Information and Regulatory Affairs,

Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone (202) 395-7345, fax: (202) 395-7285, e-mail: [oira\\_submission@omb.eop.gov](mailto:oira_submission@omb.eop.gov)].

## VI. Environmental Analysis

23. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.<sup>24</sup> The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do not substantially change the effect of the regulations being amended.<sup>25</sup> The actions proposed herein fall within this categorical exclusion in the Commission's regulations.

## VII. Regulatory Flexibility Act

24. The Regulatory Flexibility Act of 1980 (RFA)<sup>26</sup> generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's (SBA) Office of Size Standards develops the numerical definition of a small business.<sup>27</sup> The SBA has established a size standard for electric utilities, stating that a firm is small if, including its affiliates, it is primarily engaged in the transmission, generation and/or distribution of electric energy for sale and its total electric output for the preceding twelve months did not exceed four million megawatt hours.<sup>28</sup> The RFA is not implicated by this NOPR because the interpretation discussed herein is being accepted. With no changes to the Reliability Standard as approved, the proposal in this NOPR will not have a significant economic impact on a substantial number of small entities.

25. In Order No. 693, the Commission adopted policies to minimize the burden on small entities, including approving the ERO compliance registry process to identify those entities

responsible for complying with mandatory and enforceable Reliability Standards. The ERO registers only those distribution providers or load serving entities that have a peak load of 25 MW or greater and are directly connected to the bulk electric system or are designated as a responsible entity as part of a required under-frequency load shedding program or a required under-voltage load shedding program. Similarly, for generators, the ERO registers only individual units of 20 MVA or greater that are directly connected to the bulk electric system, generating plants with an aggregate rating of 75 MVA or greater, any blackstart unit material to a restoration plan, or any generator that is material to the reliability of the Bulk-Power System. Further, the ERO will not register an entity that meets the above criteria if it has transferred responsibility for compliance with mandatory Reliability Standards to a joint action agency or other organization. The Commission estimated that the Reliability Standards approved in Order No. 693 would apply to approximately 682 small entities (excluding entities in Alaska and Hawaii), but also pointed out that the ERO's Compliance Registry Criteria allow for a joint action agency, generation and transmission (G&T) cooperative or similar organization to accept compliance responsibility on behalf of its members. Once these organizations register with the ERO, the number of small entities registered with the ERO will diminish and, thus, significantly reduce the impact on small entities.<sup>29</sup>

26. Finally, as noted above, this NOPR accepts the interpretation of the PRC-005-0 Reliability Standard, which was already approved in Order No. 693, and, therefore, does not create an additional regulatory impact on small entities.

## VIII. Comment Procedures

27. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due February 25, 2011. You may submit comments, identified by docket number and in accordance with the requirements posted on the Commission's Web site, <http://www.ferc.gov>. Comments may be

<sup>24</sup> Regulations Implementing the National Environmental Policy Act, Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

<sup>25</sup> 18 CFR 380.4(a)(2)(ii).

<sup>26</sup> 5 U.S.C. 601-612.

<sup>27</sup> 13 CFR 121.201.

<sup>28</sup> *Id.* n.1.

<sup>22</sup> 5 CFR 1320.11.

<sup>23</sup> 44 U.S.C. 3507(d).

<sup>29</sup> To be included in the compliance registry, the ERO determines whether a specific small entity has a material impact on the Bulk-Power System. If these small entities should have such an impact then their compliance is justifiable as necessary for Bulk-Power System reliability.

submitted by any of the following methods:

- *Agency Web Site:* Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format, at <http://www.ferc.gov/docs-filing/efiling.asp>.

- *Mail/Hand Delivery:* Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426. These requirements can be found on the Commission's Web site, *see, e.g.*, the "Quick Reference Guide for Paper Submissions," available at <http://www.ferc.gov/docs-filing/efiling.asp>, or via phone from FERC Online Support at 202-502-6652 or toll-free at 1-866-208-3676.

28. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

## IX. Document Availability

29. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5 p.m. Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

30. From FERC's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

31. User assistance is available for eLibrary and the FERC's Web site during normal business hours from FERC Online Support at 202-502-6652 (toll free at 1-866-208-3676) or e-mail at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. E-mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

## List of Subjects in 18 CFR Part 40

Electric power; Electric utilities; Reporting and recordkeeping requirements by direction of the Commission.

**Kimberly D. Bose,**

*Secretary.*

[FR Doc. 2010-32356 Filed 12-23-10; 8:45 am]

**BILLING CODE 6717-01-P**

## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

#### 18 CFR Part 40

[Docket No. RM09-14-000]

#### Version One Regional Reliability Standard for Transmission Operations

December 16, 2010.

**AGENCY:** Federal Energy Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Under section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (Commission) proposes to approve TOP-007-WECC-1 (System Operating Limits) developed by the Western Electric Coordinating Council (WECC) and submitted to the Commission for approval by the North American Electric Reliability Corporation. The revised regional Reliability Standard would replace the approved WECC TOP-STD-007-0. While we propose to approve the regional Reliability Standard, as discussed in this Notice of Proposed Rulemaking, TOP-007-WECC-1 raises some concerns about which the Commission requests additional information. The Commission also proposes to direct WECC to develop certain limited modifications to the regional Reliability Standard and the associated violation risk factor and violation severity levels as discussed herein.

**DATES:** Comments are due February 25, 2011.

**ADDRESSES:** You may submit comments, identified by docket number and in accordance with the requirements posted on the Commission's Web site <http://www.ferc.gov>. Comments may be submitted by any of the following methods:

- *Agency Web Site:* Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format, at <http://www.ferc.gov/docs-filing/efiling.asp>.

- *Mail/Hand Delivery:* Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426. These requirements can be found on the Commission's Web site, *see, e.g.*, the "Quick Reference Guide for Paper Submissions," available at <http://www.ferc.gov/docs-filing/efiling.asp> or via phone from FERC Online Support at 202-502-6652 or toll-free at 1-866-208-3676.

#### FOR FURTHER INFORMATION CONTACT:

Mindi Sauter (Legal Information), Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-6830.

E. Nick Henery (Technical Information), Office of Electric Reliability, Division of Policy Analysis and Rulemaking, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8636.

Danny Johnson (Technical Information), Office of Electric Reliability, Division of Reliability Standards, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8892.

#### SUPPLEMENTARY INFORMATION:

##### Notice of Proposed Rulemaking

1. Under section 215 of the Federal Power Act (FPA),<sup>1</sup> the Commission proposes to approve TOP-007-WECC-1 (System Operating Limits) developed by the Western Electricity Coordinating Council (WECC) and submitted to the Commission for approval by the North American Electric Reliability Corporation (NERC), which the Commission has certified as the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory Reliability Standards.<sup>2</sup> The revised regional Reliability Standard, designated by WECC as TOP-007-WECC-1,<sup>3</sup> would replace WECC TOP-STD-007-0. While we propose to approve the regional Reliability Standard, we are concerned about certain provisions of TOP-007-WECC-1, about which we request additional information in public

<sup>1</sup> 16 U.S.C. 824a.

<sup>2</sup> *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

<sup>3</sup> NERC designates the version number of a Reliability Standard as the last digit of the Reliability Standard number. Therefore, original Reliability Standards end with "-0" and modified version one Reliability Standards end with "-1."