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**WESTERN SYSTEMS COORDINATING COUNCIL RELIABILITY  
CRITERIA AGREEMENT**

**THIS WESTERN SYSTEMS COORDINATING COUNCIL RELIABILITY CRITERIA AGREEMENT** (the "Reliability Agreement"), is entered into this 18<sup>th</sup> day of June, 1999, among the Western Systems Coordinating Council, Inc. (the "WSCC"), and its member Transmission Operators (the "Participating Transmission Operators") (collectively, the "Parties").

**WHEREAS**, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WSCC in a restructured and competitive electric utility industry;

**WHEREAS**, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

**WHEREAS**, the members of the WSCC, including the Participating Transmission Operators, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

**NOW, THEREFORE**, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the WSCC and the Participating Transmission Operators agree as follows:

**1. PURPOSE OF AGREEMENT**

The purpose of this Reliability Agreement is to set forth certain reliability standards with which Participating Transmission Operators and Generators will agree to comply through separately executed agreements under the WSCC Reliability Management System.

**2. DEFINITIONS**

In addition to terms defined in the beginning of this Reliability Agreement and in the Recitals and Appendices hereto, for purposes of this Reliability Agreement the following terms shall have the meanings set forth beside them below.

**Affiliate** of an entity, solely for purposes of Sections 5 and 6 of this Agreement, means any entity which: (1) is (a) a subsidiary of such entity or (b) any partnership, limited liability company or joint venture or other form of entity which acts commercially in which such entity or any subsidiary thereof is directly or indirectly a partner, member or venturer; or (2) directly or indirectly controls, is controlled by, or is under common control with such entity, including any limited partnership of which such other entity or any Affiliate thereof is the general partner. For purposes of this Agreement, a ten (10) percent or greater ownership interest shall be deemed to constitute a rebuttable presumption of "control." An entity controlled by or operating as a unit, agency, or subdivision of a local, state, or provincial government or the federal government shall not be considered an Affiliate of any other entity controlled by or operating as a unit, agency, or subdivision of the local, state or provincial government, or the federal government.

**Control or Controlled**, when used in this Reliability Agreement to refer to generation facilities, means that a person has the right (whether through ownership, by contract, or otherwise) to cause the generation facilities to comply with the criteria applicable to generators contained in Annex A hereto (other than as a result of entering into new or amended interconnection agreements in accordance with Section 5 of a WSCC RMS Agreement); provided however, that a person shall not be deemed to Control a third party's generation facilities solely on the basis of providing control area services to the third party.

**Control Area** means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

**FERC** means the Federal Energy Regulatory Commission or a successor agency.

**Generator** means any entity: (i) that Controls generating facilities directly interconnected with the transmission system of a Participating Transmission Operator or located within the Control Area of a Participating Transmission Operator; and (ii) that is a party to an interconnection agreement or is responsible for obtaining an interconnection agreement with a Participating Transmission Operator.

**Generator RMS Agreement** means any agreement other than a WSCC RMS Agreement obligating a Generator to comply with this Reliability Agreement.

**Member** means any party to the WSCC Agreement.

**Municipal Utility** means a city, county, irrigation district, drainage district, or other political subdivision or agency of a state which sells electric energy or which owns or operates electric power transmission facilities which are used for the sale of electric energy, including but not limited to a municipal utility district, public utility district, people's utility district, metropolitan water district, or a public power district.

**NERC** means the North American Electric Reliability Council or any successor entity.

**Participant** means a Transmission Operator that is a party to a WSCC RMS Agreement or a Generator that is a party to a Generator RMS Agreement.

**Reliability Compliance Committee** or **RCC** means the committee established by the WSCC pursuant to the WSCC RMS Agreements.

**Reliability Management System** or **RMS** means the contractual reliability management program implemented through this Reliability Agreement, through each of the WSCC RMS Agreements and through each of the Generator RMS Agreements.

**Reserve Sharing Group** means a group whose members include two or more Control Areas that collectively maintain, allocate, and supply operating reserves required for each Control Area's use in recovering from contingencies within the group.

**Security Coordinator** means the entity designated as such under the NERC Security Coordinator Procedures.

**Transmission Operator** means an operator of a Control Area within the Western Interconnection or transmission facilities.

**Western Interconnection** means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WSCC operate synchronously connected transmission systems.

**WSCC** means the Western Systems Coordinating Council or a successor entity.

**WSCC RMS Agreement** means any agreement between the WSCC and a Transmission Operator requiring the Transmission Operator to comply with this Reliability Agreement.

**WSCC Staff** means those employees of the WSCC, including personnel hired by the WSCC on a contract basis, designated as responsible for the administration of the RMS.

### **3. TERM AND TERMINATION**

- 3.1 Term.** This Reliability Agreement shall become effective thirty (30) days after the date of issuance of a final FERC order accepting the Reliability Agreement for filing without requiring any changes to the Reliability Agreement unacceptable to the WSCC. This Reliability Agreement shall remain in effect until terminated pursuant to Section 3.2.
- 3.2 Termination by WSCC.** WSCC may terminate this Reliability Agreement (i) as provided for in Section 13 or (ii) for any reason on one year's written notice to all Participants.
- 3.3 Termination by Participating Transmission Operator.** The termination by a Participating Transmission Operator of the WSCC RMS Agreement requiring the Participating Transmission Operator to comply with this Reliability Agreement shall act as a termination of this Agreement with respect to such Participating Transmission Operator.
- 3.4 Suspension.** If at any time the WSCC determines that it is unable to carry out its obligations pursuant to this Reliability Agreement because of the lack of funding, this Reliability Agreement shall be suspended and any determination of non-compliance which is not yet final as of such date shall be withdrawn. At such time that the WSCC determines that it is able to resume its obligations pursuant to this Reliability Agreement, the WSCC shall promptly provide notice to each Participant that such suspension has been terminated. During the period of suspension each Participant shall have no obligation, including reporting, pursuant to this Reliability Agreement. If this Reliability Agreement remains suspended for a period of more than two years, this Reliability Agreement shall be terminated as of the first day of the third year following the date of suspension.

### **4. RELIABILITY CRITERIA**

- 4.1 Obligations of Participant.** Annex A attached to this Reliability Agreement sets forth the reliability criteria and data collection requirements to which each Participant agrees to comply in its applicable WSCC RMS Agreement or Generator RMS Agreement. The contractual obligation of a Participating Transmission Operator to comply with the reliability standards and data collection requirements shall be established through a separate WSCC RMS Agreement between the WSCC and the Participating

Transmission Operator. The contractual obligation of a Generator to comply with the reliability standards and data collection requirements shall be established through a separate Generator RMS Agreement. Each WSCC RMS Agreement and each Generator RMS Agreement shall incorporate by reference this Reliability Agreement, including the reliability criteria and data collection requirements contained in Annex A hereto. This Reliability Agreement imposes obligations only on a Transmission Operator or a Generator that is a party to a WSCC RMS Agreement that is in effect and has not been terminated or a Generator RMS Agreement that is in effect and has not been terminated.

- 4.2 Development of Criteria.** All reliability criteria, including, but not limited to, all transmission path transfer capability limits (including operational transfer capability) and ratings developed and implemented in connection with the WSCC Reliability Management System, shall be developed and implemented pursuant to standard, objective technical assessments. Transmission path transfer capability limits shall reflect different limits under different operating conditions (e.g., seasonal flow, load variations, simultaneous transfers) using internally consistent assumptions.

## **5. DETERMINATION OF COMPLIANCE**

### **5.1 Reliability Compliance Committee.**

- a. The WSCC shall form a seven-member Reliability Compliance Committee ("RCC"). The members of the RCC shall be appointed by the WSCC Board of Trustees. The WSCC Board of Trustees shall solicit, through an open, publicly noticed process, nominations from each of the following industry sectors: (1) major transmission owners, (2) transmission dependent utilities, (3) independent power producers, (4) electric power marketers, (5) state, provincial, or local regulatory bodies, (6) control area and independent system operators, and (7) Municipal Utilities. From nominations submitted by representatives of each such industry sector, the WSCC Board of Trustees shall appoint one RCC member and one alternate RCC member for each of the seven industry sectors. The WSCC Board of Trustees shall endeavor, to the extent practical, to appoint members to the RCC reflecting the geographical and functional diversity of the WSCC membership and so as to include both public and privately owned entities. The WSCC Board of Trustees shall further endeavor, to the extent practical, to appoint no more than three RCC members at any one time who could qualify as representatives of the same industry sector (e.g., to avoid situations such as where the representatives for sectors (1), (2), (6), and (7) are all from control area operators). Members of the RCC shall serve three-year terms (except that two of

the first seven members of the RCC shall serve one-year terms, and two of the first seven members of the RCC shall serve two-year terms, in each case as determined by the WSCC Board of Trustees). At no time shall the members and alternate members of the RCC include more than one employee, director or officer of any one entity or Affiliate thereof. If the WSCC authorizes a new class of voting membership for the WSCC, the WSCC Board of Trustees may add an additional member as representative to the RCC from such class.

- b. The RCC shall adopt a set of bylaws to become effective as of the effective date of this Reliability Agreement, or as soon thereafter as is practicable, which bylaws shall be approved by the WSCC Board of Trustees. Such bylaws shall, among other matters, provide for the following:
- (i) A quorum equal to the majority of all members of the RCC plus one must be present for a vote on matters brought before the RCC.
  - (ii) A majority of all RCC members shall be required for RCC action.
  - (iii) Each member of the RCC will be responsible for all costs of participation in the RCC, except that any regulatory body representative shall be reimbursed by the WSCC for all out-of-pocket costs. RCC members will receive no compensation from the WSCC for service on the RCC.
  - (iv) Each member shall comply with the confidentiality provisions applicable to the WSCC Staff as set forth in Section 5.2(d) of this Reliability Agreement.
  - (v) If an RCC member fails to perform the tasks assigned to him or her under the RMS, he or she may be removed by a two-thirds vote of the WSCC Board of Trustees and a new member shall be selected in accordance with Section 5.1(a) to serve out the unexpired portion of the member's term.
  - (vi) The RCC shall elect a Chair and Vice-Chair from among the members of the RCC. The Chair and Vice-Chair shall serve one-year terms.
  - (vii) The process for selection of RCC members and alternate RCC members shall comply with Section 5.1(a) of this Reliability Agreement.

(viii) The RCC may elect to meet by telephone conference call.

- c. In addition to the responsibilities specified in this Section 5, the RCC shall periodically review the implementation of the RMS and make recommendations to the WSCC Board of Trustees for suggested modifications to the RMS.

## **5.2 Data Submission and Review.**

- a. Each Participant (or its designated agent) shall submit to the WSCC Staff the data as specified in Annex A to this Reliability Agreement. A Participant shall notify WSCC Staff of such designation prior to having the agent submit any data on behalf of the Participant. If a Participant (or its designated agent) fails to supply such data within ten (10) days of the date specified in Annex A, the WSCC Staff shall notify the Participant, and if the Participant (or its designated agent) fails to supply such data within ten (10) days of the receipt of such notice, the WSCC Staff shall send a letter to the Participant's Chief Executive Officer informing the Participant of the failure to comply with the data submission requirements of Annex A with copies to NERC, Participant's WSCC Council Representative (if the Participant is a member of the WSCC), and Participant's WSCC Operations Committee Representative (if the Participant is a member of the WSCC). For the Participant's second or subsequent failure to submit data during a rolling six-month period, the WSCC Staff shall send additional copies of such letter to the Chairman of the Board of the Participant (if different from Chief Executive Officer), state or provincial regulatory agencies with jurisdiction over the Participant, and in the case of U.S. entities, FERC, and the Department of Energy.
- b. All data submitted pursuant to Annex A shall be reviewed initially by the WSCC Staff. WSCC Staff may request the submission of reasonable supplemental or additional data or information. If the WSCC Staff determines that the Participant may not have complied with any of the criteria specified in Annex A, it shall so notify the Participant, and the Participant shall have thirty (30) days from such notice, or a mutually agreeable extension thereof, to provide additional or corrected data (including information which pursuant to Section VI of Annex A would excuse the action or inaction of the Participant) to demonstrate that there was compliance.
- c. If the WSCC Staff determines that data from a Participant are relevant to the consideration of compliance by another Participant with the reliability criteria contained in Annex A, the WSCC Staff shall so notify the Participant, and the Participant shall have thirty

(30) days from such notice, or a mutually agreeable extension thereof, to provide the requested data. A Participant may also request the WSCC Staff to request from another Participant data relevant to the requesting Participant's compliance; however, such a request shall not relieve the Participant of any obligations to provide requested data.

- d. (i) Except as otherwise provided in Section 5.2(a) and Section II of Annex A and Sections 5.2(d)(ii), (iii) and (iv) below, the WSCC Staff (1) shall treat as confidential all data and information submitted to the WSCC Staff by a Participant under this Reliability Agreement, (2) shall not, without the providing Participant's prior written consent, disclose to any third party confidential data or information provided by a Participant under this Reliability Agreement, and (3) shall make good faith efforts to protect each Participant's confidential data and information from inadvertent disclosure. For purposes of this Reliability Agreement, no member of the RCC nor any arbitrator engaged pursuant to Section 6.3 of this Reliability Agreement shall be deemed a third party so long as such person has agreed in writing to be bound by the confidentiality obligations applicable to the WSCC Staff under this Reliability Agreement.
- (ii) Any data or information provided to the WSCC Staff by a Participant under this Reliability Agreement that is published or publicly available (so long as the publication or public availability is not the result of action or inaction by the WSCC Staff or the breach of any confidentiality obligation) shall not be deemed confidential for purposes of this Reliability Agreement; provided, however, that no such data or information shall be considered to be publicly available merely by virtue of the fact that such data or information has been provided by, or concerns, a Participant that is a Municipal Utility or other government entity. In addition, at the request of any governmental or regulatory authority having jurisdiction over the applicable Participant, the WSCC Staff may, without breaching its confidentiality obligations under this Reliability Agreement, disclose to the requesting governmental or regulatory authority the following information (in either aggregate form or in a form that specifically identifies the Participant): (1) whether the Participant has been finally determined, in accordance with the procedures set forth in this Reliability Agreement, to have failed to comply with any of the criteria specified in Annex A during the time period to which the request relates; (2) if the Participant has been finally determined to have failed to comply, which of the criteria specified in Annex A were not



complied with as well as the number of occurrences and level of the noncompliance (as identified in the table in Section II of Annex A); and (3) the type of sanction and the amount of any monetary sanction(s) assessed against the Participant and the amounts paid or remaining unpaid. The WSCC shall give the Participant notice of such disclosure. The WSCC Staff or the RCC may also provide the information described in items (1) - (3) of this Section 5.2(d)(ii) to any member of the Board of Trustees of the WSCC, provided that such recipient has undertaken to be bound by the confidentiality obligations applicable to the RCC and WSCC Staff under this Reliability Agreement or has otherwise agreed not to voluntarily disclose such information.

- (iii) If the WSCC is requested or required, by subpoena, oral deposition, interrogatory, request for production of documents, administrative order, or other legal or regulatory process, to disclose any confidential data or information of a Participant, the WSCC Staff shall immediately notify the providing Participant in writing so that the Participant may, if it so chooses and at its own expense, challenge the disclosure or seek an appropriate protective order. The WSCC Staff shall reasonably cooperate, at the requesting Participant's expense, with any Participant's efforts to limit or avoid disclosure of the Participant's confidential data or information and to preserve the confidentiality of any confidential data or information that is ultimately required to be disclosed. To the extent that the WSCC Staff has complied with the preceding provisions of this Section 5.2(d)(iii), the WSCC shall not be deemed to have violated its confidentiality obligations under this Reliability Agreement as a result of disclosing a Participant's confidential data or information to a third party pursuant to a subpoena, oral deposition, interrogatory, request for production of documents, administrative order, or other legal or regulatory process.
- (iv) In the case of an appeal to FERC or to a court pursuant to Section 6.6 or 6.7 of this Reliability Agreement, the WSCC Staff may provide FERC or the court with a copy of the record assembled by the RCC and the arbitrator or in the case of a direct appeal to a court without arbitration the report provided by the WSCC Staff to the RCC and the data and information provided by the Participant and by other Participants to the WSCC Staff, provided that the WSCC Staff shall provide advance notice to any Participant whose confidential data or

information may be so disclosed to FERC or to a court in order to allow such Participant to seek an appropriate protective order.

- (v) Nothing in this Section 5.2(d) shall limit the right of WSCC Staff or the RCC to make publicly available aggregate statistics or information on an unidentified basis concerning implementation of and compliance with the RMS.

**5.3 Initial Determination.** If, following review of the data or information, if any, submitted pursuant to Section 5.2(b) or Section 5.2(c), the WSCC Staff makes an initial determination that a Participant has failed to comply with any of the criteria specified in Annex A to this Reliability Agreement (an "Initial Determination"), the WSCC Staff shall so notify the Participant setting out the details of such non-compliance and indicating the sanction which would be assessed as specified in Annex A.

**5.4 RCC Review of Non-Compliance.**

- a. Within fifteen (15) days of receipt of notification of an Initial Determination by the WSCC Staff pursuant to Section 5.3, a Participant may request that the RCC review the WSCC Staff's Initial Determination. Such request shall be in writing and shall include such additional data and information as the Participant deems relevant. Following such a request, the WSCC Staff shall prepare and submit a report to the RCC setting out its Initial Determination and the reasons for such determination, with a copy to the Participant. Such report shall include all information and data submitted by the Participant and by other Participants. If a review is not requested, the Initial Determination shall become a final determination fifteen (15) days after receipt of notification and the sanction shall be imposed.
- b. The RCC shall perform an independent review and provide a determination to the Participant within thirty (30) days of the request for review. Such review shall be based solely on the report provided by the WSCC Staff and on the data and information provided by the Participant and by other Participants to the WSCC Staff. The RCC in its determination (the "RCC Determination") may either sustain the Initial Determination or, if it does not sustain the Initial Determination, substitute its own judgment regarding compliance. No member of the RCC shall participate in the review unless (i) the member has agreed in writing to be bound by the confidentiality obligations applicable to the WSCC Staff or (ii) the Participant consents to the member's participation.

- c. If neither the Participant, nor the WSCC, initiates review procedures pursuant to Section 6 within fifteen (15) days after receipt of notification from the RCC of the RCC Determination, the RCC Determination shall become a final determination fifteen (15) days after receipt of notification and the sanction shall be imposed.
- d. If any member of the RCC is an employee, director or officer of the Participant or any Affiliate thereof, that member shall not participate in such review and the alternate member for his or her industry segment shall consider the alleged violation.

## **6. REVIEW OF RCC DETERMINATION**

- 6.1 Review of RCC Determination.** Either the WSCC or a Participant (“Disputing Participant”) may seek review of an RCC Determination by invoking the arbitration provision of this Section 6, and, except where participation by a Participant in arbitration is prohibited by law, the other party shall be obligated to participate in such arbitration; provided that the WSCC and the Disputing Participant may by mutual agreement refer any dispute directly to the appropriate court in accordance with Section 6.7. If participation of a Participant in arbitration is prohibited by law, the WSCC or the Disputing Participant may seek review of any RCC Determination by FERC in accordance with Section 6.6 or by the appropriate court in accordance with Section 6.7. Any review of an RCC determination initiated by the WSCC pursuant to this Section 6.1 must be authorized by the WSCC Board of Trustees.
- 6.2 Initiation of RCC Determination Review Process.** Any RCC Determination review process under this Section 6 must be initiated within fifteen (15) days after receipt of notification from the RCC pursuant to Section 5.4(b).
- 6.3 Arbitration Process.**
- (a) Within fifteen (15) days of submission of any dispute related to a determination of non-compliance with a reliability criterion and the assessment of a sanction for arbitration, the WSCC and the Disputing Participant shall select a single arbitrator. If the WSCC and the Disputing Participant are unable to agree on an arbitrator, they shall select an arbitrator from a list of qualified arbitrators maintained by the WSCC. Each Participant may submit one name of an arbitrator to be included on such list, and the WSCC shall name one arbitrator to the list for each two arbitrators named by Participants. All arbitrators included on such list shall be knowledgeable with respect to control

area operations. The WSCC and the Disputing Participant shall select the arbitrator from such list by (a) agreement, or in the absence of agreement, by (b) striking names from the list in turn (beginning with the party requesting arbitration) until only the selected arbitrator remains. The arbitrator selected shall not be an employee, director or officer of either the WSCC or the Disputing Participant or any Affiliate thereof. Potential arbitrators who are employees, directors or officers of Members of the WSCC, but who are not themselves officers of the WSCC or members or alternate members of the RCC, shall not be considered to be employees, directors or officers of the WSCC. The arbitrator shall agree in writing to be bound by the confidentiality obligations applicable to the WSCC Staff under this Reliability Agreement.

- (b) The arbitrator shall provide each of the WSCC Staff and the Disputing Participant an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The WSCC shall submit to the arbitrator the report provided by the WSCC Staff to the RCC and the data and information provided by the Participant and by other Participants to the WSCC Staff. WSCC and the Disputing Participant shall be afforded a reasonable opportunity to rebut any such evidence. The arbitrator shall create and maintain an evidentiary record of sufficient detail to enable the FERC to render an informed decision on any appeal pursuant to Section 6.6. During the arbitration process, the WSCC and the Disputing Participant shall make funds available to the arbitrator as required by the arbitrator to pursue the arbitration. Such funds shall be shared equally by the WSCC and the Disputing Participant, and at the conclusion of the arbitration shall be reimbursed as specified in Section 6.5.
- (c) In any arbitration either the WSCC or the Disputing Participant may raise any issue regarding the sanction determination, including the factual basis for the sanction or whether the procedures specified in this Reliability Agreement were properly followed. Neither the WSCC nor the Disputing Participant, however, may dispute the validity of the reliability criteria in Annex A.
- (d) If an arbitrator hearing a dispute between the WSCC and the Disputing Participant determines that data from another Participant are relevant to the consideration of such dispute, the arbitrator shall so notify such other Participant, and such other Participant shall have fifteen (15) days, or a mutually agreeable extension thereof, to provide the requested data.

- 6.4 Award.** As soon as practicable, but no later than ninety (90) days after initial selection of the arbitrator, the arbitrator shall issue to the WSCC and the Disputing Participant a written decision resolving the dispute and explaining the basis for the conclusion. Such decision shall include findings of fact to support the arbitrator's conclusion. Such decision shall have no precedential effect with respect to any other dispute under the RMS. Such decision shall be final and binding on the parties, except if such decision is appealed to FERC pursuant to Section 6.6 or to the appropriate court pursuant to Section 6.7. Nothing herein shall preclude either the WSCC or the Disputing Participant from appealing an arbitration decision to the extent permitted under the Federal Arbitration Act, 9 U.S.C. §§ 2-16 (1994).
- 6.5 Compliance and Costs.** Unless the WSCC or the Disputing Participant appeals the decision pursuant to Section 6.6 or Section 6.7 within fifteen (15) days of receipt of the arbitrator's decision, the WSCC and the Disputing Participant shall take all actions necessary to implement the decision. If neither the WSCC nor the Disputing Party appeals the decision pursuant to Section 6.6 or Section 6.7 within such fifteen (15) day period, the decision shall be considered a final determination for purposes of Section 7. Any and all costs associated with the arbitration (not including attorney and expert witness fees which shall be borne by the respective parties) shall be borne by the party whose arbitration position was not selected by the arbitrator, unless the WSCC and the Disputing Participant agree to an alternative method of allocating costs. If the arbitration decision differs from the positions of both the WSCC and the Disputing Participant, the arbitrator shall specify how the costs are to be allocated. Such cost allocation shall include reimbursement of any funds provided to the arbitrator by the WSCC and the Disputing Participant pursuant to Section 6.3. Payment of any such costs shall be due at the same time any monetary sanctions would be due pursuant to Section 7. Any costs paid after such due date shall be paid with interest from the date the arbitrator's decision (such interest to be calculated in accordance with the methodology specified for interest on refunds in the FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii)).
- 6.6 FERC Appeal.** Either the WSCC or the Disputing Participant may apply to the FERC to hear an appeal of any arbitrator's decision. Such an appeal shall be filed at FERC within fifteen (15) days of the arbitrator's decision. The WSCC and the Disputing Participant agree that in any appeal to the FERC the WSCC or the Disputing Participant may raise any issues raised in the arbitration or RCC proceeding, including the factual basis for the sanction or whether the procedures specified in this Reliability Agreement were properly followed. Neither the WSCC nor the Disputing Participant, however, may raise issues regarding the validity of the reliability criteria in Annex A. Any appeal from an arbitrator's decision to the FERC shall be

based solely upon the record assembled by the arbitrator, unless otherwise determined by FERC. A decision of FERC resolving or rejecting such appeal shall be a final determination for purposes of Section 7. All costs incurred by each of the WSCC and the Disputing Participant in connection with such an appeal to FERC shall be solely the responsibility of the party that incurred such costs. Any initiation of a FERC appeal by the WSCC pursuant to this Section 6.6 must be authorized by the WSCC Board of Trustees.

- 6.7 Court Appeal.** If the Disputing Participant is not subject to FERC jurisdiction, or if FERC declines to assert jurisdiction over the dispute, either the WSCC or the Disputing Party may appeal an arbitrator's decision to the appropriate court. Any initiation of any court appeal by the WSCC pursuant to this Section 6.7 must be authorized by the WSCC Board of Trustees.

## **7. SANCTIONS AND COSTS**

- 7.1 Payment of Monetary Sanctions.** A Participant shall be responsible for payment to the WSCC of any monetary sanction assessed against the Participant pursuant to Section 5. Payment of any monetary sanction shall be due within thirty (30) days of the date of any final determination pursuant to Section 5, or, if the review procedures of Section 6 are invoked, a final determination pursuant to Section 6. Any monetary sanction paid after such due date shall be paid with interest from the date the Initial Determination (such interest to be calculated in accordance with the methodology specified for interest on refunds in the FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii)).
- 7.2 Costs of Administering RMS.** Moneys collected by the WSCC through monetary sanctions shall be applied directly against the costs of administering the RMS. Any remaining costs shall be recovered in accordance with and pursuant to Article VIII (or any successor provision) of the WSCC Agreement. If in any calendar year moneys collected by the WSCC through monetary sanctions exceed the costs of administering the RMS, any such excess amounts shall be rebated to Members that are Participants to offset their costs of compliance, such rebates to be allocated among such participating Members pursuant to the dues allocation methodology specified in Article VIII (or any successor provision) of the WSCC Agreement or otherwise as determined by the WSCC Board of Trustees. A Member that has been assessed a monetary sanction pursuant to this Reliability Agreement and that has failed to pay such sanction within the time period specified in the Reliability Agreement shall not be eligible for such rebates.

## **8. THIRD PARTIES**

This Reliability Agreement creates contractual rights and obligations solely between the WSCC, on the one hand, and each Participant, on the other hand. Nothing in this Reliability Agreement shall create, between or among any Parties: (1) any obligation or liability whatsoever (other than as expressly provided in this Reliability Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Reliability Agreement shall create any duty, liability, or standard of care whatsoever as to any third party. No third party shall have any rights whatsoever with respect to enforcement of any provision of this Reliability Agreement. Each Participant shall have rights with respect to the enforcement of this Reliability Agreement only against the WSCC and not against any other Participant.

## **9. REGULATORY APPROVALS**

This Reliability Agreement shall be filed with FERC by the WSCC on behalf of and as agent for each FERC-jurisdictional Participating Transmission Operator pursuant to the Federal Power Act. In such filing, the WSCC shall request that FERC accept this Reliability Agreement for filing without modification to become effective thirty days after the date of issuance of a FERC order accepting this Reliability Agreement for filing.

## **10. REMEDIES.**

Each Party shall be entitled to seek specific performance of this Reliability Agreement including the payment of sanctions determined in accordance with this Reliability Agreement. Specific performance shall be the sole remedy available to any Party pursuant to this Reliability Agreement unless this Reliability Agreement specifically provides otherwise. In particular, no Party shall be liable pursuant to this Reliability Agreement to any other Party for damages of any kind whatsoever (other than the payment of sanctions to WSCC, if so construed) whether direct, compensatory, special, indirect consequential, or punitive. No order for specific performance of this Agreement shall (i) require a Participant to construct or dedicate facilities for the benefit of any other person, or (ii) impair the ability of a Participant to take such action as it deems necessary to maintain reliable service to its customers or to fulfill its obligations to others.

## 11. NOTICES

Any notice, demand or request required or authorized by this Reliability Agreement to be given in writing to a Party shall be delivered pursuant to the applicable WSCC RMS Agreement.

## 12. AUTHORIZED REPRESENTATIVES

Each Participant Transmission Operator shall provide written notice to the WSCC of the designation of a representative authorized by it to act for such Party in the administration of this Reliability Agreement. Such written notice shall be given in accord with Section 11 hereof. Any Party may change its authorized representative by a subsequent notice. Authorized representatives may take any action called for by this Reliability Agreement, except for amendment, and such action shall bind the Party for whom it is taken.

## 13. AMENDMENT TO THIS AGREEMENT

**13.1 Amendment.** Except as permitted pursuant to Sections 13.2, 13.3, and 13.4, the terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to FERC or other governmental body or authority, absent the agreement of the Parties. Each Participating Transmission Operator that is subject to FERC jurisdiction and that supports an amendment to this Agreement (as evidenced by a certificate of concurrence) developed through the process specified in Sections 13.2, 13.3, and 13.4, consents to WSCC's filing with FERC on behalf of and as agent for such Participating Transmission Operator any amendment to this Reliability Agreement permitted pursuant to Sections 13.2, 13.3, and 13.4 and shall provide, within twenty (20) days of WSCC's request, written support for such a filing.

**13.2 Amendment of Agreement.** All amendments to this Reliability Agreement shall be pursuant to this Section 13.2 and Sections 13.3 and 13.4. The WSCC shall notify the Participants of the initiation of any WSCC process to amend this Reliability Agreement, to amend any of the reliability criteria contained herein, to add additional reliability criteria, or to amend the sanctions herein. Such process shall: (a) provide for at least a thirty (30) day period for consideration of the proposed amendment prior to its adoption; (b) afford each Participant with a reasonable opportunity to participate in such proceeding; and (c) otherwise comply with the written procedures, rules, and regulations then applicable to the WSCC for amendments to reliability criteria.



**13.3 Filing of Amendment.** If, following the process specified in Section 13.2, any amendment is adopted by the WSCC to this Reliability Agreement, the WSCC shall file such modification to this Reliability Agreement with FERC on behalf of the FERC-jurisdictional Parties who support the modification. Any person (including Participants that do not support the modification) may challenge such a filing at FERC.

**13.4 Effective Date.** Unless otherwise provided, any amendment to this Reliability Agreement shall take effect thirty (30) days after the date of an order issued by FERC accepting such amendment for filing. The WSCC shall give each Participant prompt notice of the issuance of any such order.

#### **14. JURISDICTION OVER WSCC**

By entering into this Reliability Agreement and agreeing to perform the tasks set forth herein, WSCC does not agree to become a public utility subject to the jurisdiction of FERC. If, at any time, FERC issues an order asserting jurisdiction over the WSCC as a public utility under this Reliability Agreement, the Parties agree to attempt in good faith to renegotiate the terms of this Reliability Agreement to eliminate such FERC jurisdiction over the WSCC. If the Parties are unable to agree on the necessary revisions to this Reliability Agreement within sixty (60) days of such FERC order, WSCC may terminate this Reliability Agreement on thirty (30) days' written notice to all Parties.

#### **15. INTERPRETATION**

Article and section headings are for convenience only and shall not affect the interpretation of this Reliability Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Reliability Agreement.

#### **16. WSCC AUTHORIZATION**

This Reliability Agreement is subject to the WSCC Board of Trustees having authorized the WSCC to enter into this Reliability Agreement, and the obligations of the Participants pursuant to this Reliability Agreement are subject to the WSCC Board of Trustees and the RCC carrying out their respective duties pursuant to Section 5 of this Reliability Agreement.

## **17. COUNTERPARTS**

This Reliability Agreement may be executed in counterparts and each shall have the same force and effect as an original.

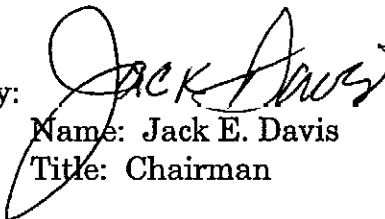
## **18. NOTIFICATION REGARDING FERC ORDERS AND OTHER ACTIONS**

**18.1 Notices of Orders and Decisions.** Any Participant receiving notice of any order or other action by FERC or any other regulatory or governmental body affecting this Reliability Agreement, a Generator RMS Agreement, or a WSCC RMS Agreement shall promptly provide WSCC by e-mail or other electronic means a copy of such order or decision.

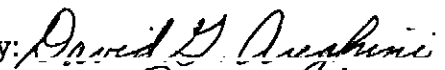
**18.2 Posting.** Within five (5) days of receipt, the WSCC Staff shall post on its web site and shall notify all Participants of such posting by e-mail of the following: (i) any order or decision received pursuant to Section 18.1, (ii) any order or other action by FERC or any other regulatory or governmental body affecting this Reliability Agreement, a Generator RMS Agreement, or a WSCC RMS Agreement received directly by the WSCC, and (iii) any notice of termination received or given by the WSCC pursuant to this Reliability Agreement, a Generator RMS Agreement, or a WSCC RMS Agreement. Each Participant shall provide the WSCC with at least one e-mail address for such notification.

IN WITNESS WHEREOF, the WSCC and the Participating  
Transmission Operators have each caused this Reliability Agreement to be executed  
by their respective duly authorized officers as of the date first above written.

**WESTERN SYSTEMS COORDINATING COUNCIL**

By:   
Name: Jack E. Davis  
Title: Chairman

**SALT RIVER PROJECT**

By:   
Name: DAVID G. AREGHINI  
Title: ASSOCIATE GENERAL MANAGER

## ANNEX A

### Reliability Criteria, Data Reporting Requirements, Compliance Standards, and Sanctions for Non-Compliance

#### I. DEFINITIONS

Unless the context requires otherwise, all capitalized terms shall have the meanings assigned in the Reliability Agreement and as set out below:

**Area Control Error or ACE** means the instantaneous difference between net actual and scheduled interchange, taking into account the effects of Frequency Bias including correction for meter error.

**Automatic Generation Control or AGC** means equipment that automatically adjusts a Control Area's generation from a central location to maintain its interchange schedule plus Frequency Bias.

**Average Generation** means the total MWh generated within the Control Area Operator's Control Area during the prior year divided by 8760 hours (8784 hours if the prior year had 366 days).

**Business Day** means any day other than Saturday, Sunday, or a legal public holiday as designated in section 6103 of title 5, U.S. Code.

**Disturbance** means (i) any perturbation to the electric system, or (ii) the unexpected change in ACE that is caused by the sudden loss of generation or interruption of load.

**Extraordinary Contingency** shall have the meaning set out in Section VI.B.4(c).

**Frequency Bias** means a value, usually given in megawatts per 0.1 Hertz, associated with a Control Area that relates the difference between scheduled and actual frequency to the amount of generation required to correct the difference.

**Frequency Error** means the difference between actual system frequency and the scheduled system frequency.

**Generating Unit Capability** means the MVA nameplate rating of a generator.

**Nonspinning Reserve** means that Operating Reserve not connected to the system but capable of serving demand within a specified time, or interruptible load that can be removed from the system in a specified time.

**Normal Path Rating** is the maximum path rating in MW that has been demonstrated to WSCC through study results or actual operation, whichever is greater. For a path with transfer capability limits that vary seasonally, it is the maximum of all the seasonal values.

**Operating Reserve** means that capability above firm system demand required to provide for regulation, load-forecasting error, equipment forced and scheduled outages and local area protection. Operating Reserve consists of Spinning Reserve and Nonspinning Reserve.

**Operating Transfer Capability Limit or OTC** means the maximum value of the most critical system operating parameter(s) which meets: (a) precontingency criteria as determined by equipment loading capability and acceptable voltage conditions, (b) transient criteria as determined by equipment loading capability and acceptable voltage conditions, (c) transient performance criteria, and (d) postcontingency loading and voltage criteria.

**Spinning Reserve** means unloaded generation which is synchronized and ready to serve additional demand. It consists of Regulating reserve and Contingency reserve (as each are described in Section III.A.2).

**WSCC Table 2** means the table maintained by the WSCC identifying those transfer paths monitored by the WSCC regional security coordinators. As of the date set out therein, the transmission paths identified in Table 2 are as listed in Attachment 1 to this Reliability Agreement.

## II. ASSESSMENT OF SANCTIONS

Sanctions for non-compliance with respect to each criterion in Sections III, IV, and V shall be assessed pursuant to the following table, except that in the case of non-compliance with the criterion of Section III.B (Disturbance Control), the sanctions set out in Section III.B shall apply in lieu of monetary sanctions. All monetary sanctions shall also include sending of Letter (B).

Level of Non-Compliance	Number of Occurrences at a Given Level within Specified Period			
	1	2	3	4 or more
Level 1	Letter (A)	Letter (B)	Higher of \$1,000 or \$1 per MW of Sanction Measure	Higher of \$2,000 or \$2 per MW of Sanction Measure
Level 2	Letter (B)	Higher of \$1,000 or \$1 per MW of Sanction Measure	Higher of \$2,000 or \$2 per MW of Sanction Measure	Higher of \$4,000 or \$4 per MW of Sanction Measure
Level 3	Higher of \$1,000 or \$1 per MW of Sanction Measure	Higher of \$2,000 or \$2 per MW of Sanction Measure	Higher of \$4,000 or \$4 per MW of Sanction Measure	Higher of \$6,000 or \$6 per MW of Sanction Measure
Level 4	Higher of \$2,000 or \$2 per MW of Sanction Measure	Higher of \$4,000 or \$4 per MW of Sanction Measure	Higher of \$6,000 or \$6 per MW of Sanction Measure	Higher of \$10,000 or \$10 per MW of Sanction Measure

Letter (A): Letter to Participant's Chief Executive Officer informing Participant of noncompliance with copies to NERC, WSCC Council Representative, and WSCC Operations Committee Representative.

Letter (B): Identical to Letter (A), with additional copies to (i) Chairman of the Board of Participant (if different from Chief Executive Officer), and to (ii) state or provincial regulatory agencies with jurisdiction over Participant, and, in the case of U.S. entities, FERC, and Department of Energy, if such government entities request such information.

The "Specified Period" and the "Sanction Measure" are as specified below for each criterion.

Sanctions shall be assessed for all instances of non-compliance within a Specified Period. For example, if a Participant had two instances of Level 1 non-compliance and one instance of Level 3 non-compliance for a specific criterion in the first Specified Period, it would be assessed the sanction from Column 2 of the Level 1 row, and the sanction from Column 1 of the Level 3 row.

If the Participant fails to comply with a given criterion for two or more consecutive Specified Periods, the sanctions assessed at each level of noncompliance for the most recent Specified Period shall be the sanction specified in the column immediately to the right of the indicated sanction. For example, if a Participant fails to comply with a given criterion for two consecutive Specified Periods, and in the second Specified Period the Participant has one instance of Level 1 non-compliance and two instances of Level 3 non-compliance, it would be assessed the sanction from Column 2 of the Level 1 row, and the sanction from Column 3 of the Level 3 row. If the sanction assessed at the highest level is the sanction in Column 4, no such modification of the specified sanction shall occur.

### **III. RELIABILITY CRITERIA APPLICABLE TO CONTROL AREA OPERATORS**

#### **A. Operating Reserves**

##### **1. Participants Subject to Criterion**

- a.** This criterion applies to each Participant that is an operator of a Control Area or a member of a Reserve Sharing Group. A Participant that is an operator of a Control Area and a member of a Reserve Sharing Group is subject to this criterion only as described in Section III.A.1.b.
- b.** Participants that are members of a Reserve Sharing Group must designate in writing to WSCC a Participant to act as agent for purposes of this criterion for each Reserve Sharing Group. Such Reserve Sharing Group agents shall be responsible for all data submission requirements under Section III.A of this Reliability Agreement. Unless a Reserve Sharing Group agent identifies individual Participants responsible for noncompliance at the time of data submission, sanctions for noncompliance shall be assessed against the agent on behalf of the Reserve Sharing Group, and it shall be the responsibility of the members of the Reserve Sharing Group to allocate responsibility for such noncompliance.

## 2. WSCC Criterion

The reliable operation of the interconnected power system requires that adequate generating capacity be available at all times to maintain scheduled frequency and avoid loss of firm load following transmission or generation contingencies. This generating capacity is necessary to:

- supply requirements for load variations.
- replace generating capacity and energy lost due to forced outages of generation or transmission equipment.
- meet on-demand obligations.
- replace energy lost due to curtailment of interruptible imports.

a. **Minimum Operating Reserve.** Each Control Area shall maintain minimum Operating Reserve which is the sum of the following:

(i) **Regulating reserve.** Sufficient Spinning Reserve, immediately responsive to Automatic Generation Control (AGC) to provide sufficient regulating margin to allow the Control Area to meet NERC's Control Performance Criteria (see Section III.C and III.D in this Annex A).

Plus (ii) **Contingency reserve.** An amount of Spinning Reserve and Nonspinning Reserve (at least half of which must be Spinning Reserve), sufficient to reduce Area Control Error (ACE) to zero within ten minutes, equal to the greater of:

(a) The loss of generating capacity due to forced outages of generation or transmission equipment that would result from the most severe single contingency; or



- (b) The sum of five percent of the load responsibility served by hydro generation and seven percent of the load responsibility served by thermal generation.

The combined unit ramp rate of each Control Area's on-line, unloaded generating capacity must be capable of responding to the Spinning Reserve requirement of that control area within ten minutes.

Plus (iii) **Additional reserve for interruptible imports.** An amount of reserve, which can be made effective within ten minutes, equal to interruptible imports.

Plus (iv) **Additional reserve for on-demand obligations.** An amount of reserve, which can be made effective within ten minutes, equal to on-demand obligations to other entities or Control Areas.

**b. Acceptable types of Nonspinning Reserve.** The Nonspinning Reserve obligations identified in subsections a(ii), a(iii), and a(iv), if any, can be met by use of the following:

- (i) interruptible load;
- (ii) interruptible exports;
- (iii) on-demand rights from other entities or Control Areas;
- (iv) Spinning Reserve in excess of requirements in subsections a(i) and a(ii); or
- (v) off-line generation which qualifies as Nonspinning Reserve.

**c. Knowledge of Operating Reserve.** Operating Reserves shall be calculated such that the amount

available which can be fully activated in the next ten minutes will be known at all times.

- d. **Restoration of Operating Reserve.** After the occurrence of any event necessitating the use of Operating Reserve, that reserve shall be restored as promptly as practicable. The time taken to restore reserves shall not exceed 60 minutes.

### **3. Data Reporting Requirement**

By no later than 5:00 p.m. Mountain Time on the first Business Day following the day on which an instance of non-compliance occurs (or such other date specified in Form A.1(a)), the Participants identified in Section III.A.1 shall submit to the WSCC office Operating Reserve data in Form A.1(a) (available on the WSCC web site) for each such instance of non-compliance. On or before the tenth day of each calendar quarter (or such other date specified in Form A.1(b)), the Participants identified in Section III.A.1 (including Participants with no reported instances of non-compliance) shall submit to the WSCC office a completed Operating Reserve summary compliance Form A.1(b) (available on the WSCC web site) for the immediately preceding calendar quarter.

### **4. Compliance Standard**

Except within the first 60 minutes following an event requiring the activation of Operating Reserves, a Participant identified in Section III.A.1 must maintain 100% of required Operating Reserve levels based upon data averaged over each clock hour. Following every event requiring the activation of Operating Reserves, a Participant identified in Section III.A.1 must re-establish the required Operating Reserve levels within 60 minutes.

### **5. Non-Compliance Levels**

Level 1: One instance during a calendar month in which the Control Area's or the Reserve Sharing Group's Operating Reserve is less than 100% but greater than or equal to 90% of the required Operating Reserve. . .

Level 2: One instance during a calendar month in which the Control Area's or the Reserve Sharing Group's Operating

Reserve is less than 90% but greater than or equal to 80% of the required Operating Reserve.

Level 3: One instance during a calendar month in which the Control Area's or the Reserve Sharing Group's Operating Reserve is less than 80% but greater than or equal to 70% of the required Operating Reserve.

Level 4: One instance during a calendar month in which the Control Area's or the Reserve Sharing Group's Operating Reserve is less than 70% of the required Operating Reserve.

## **6. Sanctions**

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Average Generation and the "Specified Period" is the most recent calendar month.

## **B. Disturbance Control**

### **1. Participants Subject to Criterion**

- a.** This criterion applies to each Participant that is an operator of a Control Area or a member of a Reserve Sharing Group. A Participant that is an operator of a Control Area and a member of a Reserve Sharing Group is subject to this criterion only as described in Section III.B.1.b.
- b.** Participants that are members of a Reserve Sharing Group must designate in writing to WSCC a Participant to act as agent for purposes of this criterion for each Reserve Sharing Group. Such Reserve Sharing Group agents shall be responsible for all data submission requirements under Section III.B of this Reliability Agreement. Unless a Reserve Sharing Group agent identifies individual Participants responsible for noncompliance at the time of data submission, sanctions for noncompliance shall be assessed against the agent on behalf of the Reserve Sharing Group, and it shall be the responsibility of the members of the Reserve Sharing Group to allocate responsibility for such noncompliance.

**2. WSCC Criterion**

The Area Control Error (ACE) must return either to zero or to its predisturbance level within ten minutes following the start of the Disturbance.

**3. Data Reporting Requirement**

On or before the fifth day of each month (or such other date specified in Form A.2), the Participants identified in Section III.B.1 shall submit to the WSCC office Disturbance Control Standard data in Form A.2 (available on the WSCC web site) for the immediately preceding month.

**4. Compliance Standard**

A Participant identified in Section III.B.1 must meet the Disturbance Control Standard specified in Section III.B.2 following all Disturbances. Compliance with the Disturbance Control Standard ("DCS") shall be measured on a percentage basis as set forth in the NERC Performance Standard Training Document.

**5. Non-Compliance Levels**

Level 1: One instance during a calendar quarter in which the Control Area's or Reserve Sharing Group's value of DCS is less than 100% but greater than or equal to 95%.

Level 2: One instance during a calendar quarter in which the Control Area's or Reserve Sharing Group's value of DCS is less than 95% but greater than or equal to 90%.

Level 3: One instance during a calendar quarter in which the Control Area's or Reserve Sharing Group's value of DCS is less than 90% but greater than or equal to 85%.

Level 4: One instance during a calendar quarter in which the Control Area's or Reserve Sharing Group's value of DCS is less than 85%.

## 6. Sanctions

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Average Generation and the "Specified Period" is the most recent calendar quarter. For each calendar quarter in which the average percentage DCS is less than 100 percent, the Participant shall be required to increase its operating reserves for the first calendar quarter beginning after a final determination of non-compliance with this criterion pursuant to Sections 5 and 6 of this Reliability Agreement to a level equal to the product of (i) the Participant's required operating reserves in the quarter of measurement (including any increased reserves due to a prior incident of non-compliance with this criterion), multiplied by (ii) a factor equal to 2 minus the average percentage DCS (expressed as a decimal) for the quarter of measurement. If the average percentage DCS is equal to 100 percent for a calendar quarter, required operating reserves will be set at the appropriate level without consideration of any prior non-compliance.

## C. Control Performance Standard One

### 1. Participants Subject to Criterion

This criterion applies to each Participant that operates a Control Area.

### 2. WSCC Criterion

A Participant identified in Section III.C.1 shall monitor its control performance on a continuous basis against the following standard:

**CPS1 Standard.** Over a year, the average of the clock-minute averages of the Control Area's ACE divided by  $-10 \cdot \beta$  ( $\beta$  is Control Area Frequency Bias) times the corresponding clock-minute averages of the Western Interconnection's Frequency Error shall be less than a specific limit (a constant derived from a targeted frequency bound reviewed and set as necessary by the NERC Performance Subcommittee).

### **3. Data Reporting Requirement**

On or before the fifth day of each month (or such other date specified in Form A.3), a Participant identified in Section III.C.1 shall submit to the WSCC office control performance standard data in Form A.3 (available on the WSCC web site) for the immediately preceding month.

### **4. Compliance Standard**

Compliance with the CPS1 standard shall be measured on a percentage basis as set forth in the NERC Performance Standard Training Document.

### **5. Non-Compliance Levels**

Level 1: One instance during a calendar month in which the Control Area's value of CPS1 is less than 100% but greater than or equal to 95%.

Level 2: One instance during a calendar month in which the Control Area's value of CPS1 is less than 95% but greater than or equal to 90%.

Level 3: One instance during a calendar month in which the Control Area's value of CPS1 is less than 90% but greater than or equal to 85%.

Level 4: One instance during a calendar month in which the Control Area's value of CPS1 is less than 85%.

### **6. Sanctions**

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Average Generation and the "Specified Period" is the most recent calendar month.

## **D. Control Performance Standard Two**

### **1. Participants Subject to Criterion**

*This criterion applies to each Participant that operates a Control Area.*

### **2. WSCC Criterion**

A Participant identified in Section III.D.1 shall monitor its control performance on a continuous basis against the following standard:

**CPS2 Standard.** The average ACE for each of the six ten-minute periods during the hour (i.e., for the ten minute periods ending at 10, 20, 30, 40, 50, and 60 minutes past the hour) must be within specific limits calculated pursuant to Section B.1.1.2 of the NERC "Performance Standard Training Document."

### **3. Data Reporting Requirement**

On or before the fifth day of each month (or such other date specified in Form A.3), a Participant identified in Section III.D.1 shall submit to the WSCC office control performance standard data in Form A.3 (available on the WSCC web site) for the immediately preceding month.

### **4. Compliance Standard**

Compliance with the CPS2 standard shall be measured on a percentage basis as set forth in the NERC Performance Standard Training Document.

### **5. Non-Compliance Levels**

**Level 1:** One instance during a calendar month in which the Control Area's value of CPS2 is less than 90% but greater than or equal to 85%.

**Level 2:** One instance during a calendar month in which the Control Area's value of CPS2 is less than 85% but greater than or equal to 80%.

Level 3: One instance during a calendar month in which the Control Area's value of CPS2 is less than 80% but greater than or equal to 75%.

Level 4: One instance during a calendar month in which the Control Area's value of CPS2 is less than 75%.

## **6. Sanctions**

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Average Generation and the "Specified Period" is the most recent calendar month.

## **E. Operating Transfer Capability**

### **1. Participants Subject to Criterion**

This criterion applies to each Participant that is an operator of a transmission path in the WSCC Table 2.

### **2. WSCC Criterion**

#### **Operating Transfer Capability Limit Criteria**

Actual power flow and net scheduled power flow over an interconnection or transfer path shall be maintained within Operating Transfer Capability Limits ("OTC"). The OTC is the maximum amount of actual power that can be transferred over direct or parallel transmission elements comprising:

- An interconnection from one Control Area to another Control Area; or
- A transfer path within a Control Area.

The net schedule over an interconnection or transfer path within a Control Area shall not exceed the OTC, regardless of the prevailing actual power flow on the interconnection or transfer path.



- a. **Operating limits.** No elements within the interconnection shall be scheduled above continuous operating limits. An element is defined as any generating unit, transmission line, transformer, bus, or piece of electrical equipment involved in the transfer of power within an interconnection.
- b. **Stability.** The interconnected power system shall remain stable upon loss of any one single element without system cascading that could result in the successive loss of additional elements. The system voltages shall be within acceptable limits defined in the WSCC Reliability Criteria for Transmission System Planning. If a single event could cause loss of multiple elements, these shall be considered in lieu of a single element outage. This could occur in exceptional cases such as two lines on the same right-of-way next to an airport. In either case, loss of either single or multiple elements should not cause uncontrolled, widespread collapse of the interconnected power system. For purposes of this Section, stability shall include transient stability, post transient stability or dynamic stability whichever is most limiting to OTC.
- c. **System contingency response.** Following the outage and before adjustments can be made:
  - (i) No remaining element shall exceed its short-time emergency rating.
  - (ii) The steady-state system voltages shall be within emergency limits.

The limiting event shall be determined by conducting power flow and stability studies while simulating various operating conditions. These studies shall be updated as system configurations introduce significant changes in the interconnection.

### 3. **Data Reporting Requirement** ..

By no later than 5:00 p.m. Mountain Time on the first Business Day following the day on which an instance of non-compliance

occurs (or such other date specified in Form A.4(a)), a Participant identified in Section III.E.1 shall submit to the WSCC office operating transfer capability data in Form A.4(a) (available on the WSCC web site) for each such instance of non-compliance. On or before the tenth day of each calendar quarter (or such other date specified in Form A.4(b)), the Participants identified in Section III.E.1 (including Participants with no reported instances of non-compliance) shall submit to the WSCC office a completed OTC summary compliance Form A.4(b) (available on the WSCC web site) for the immediately preceding calendar quarter.

#### **4. Compliance Standard**

Actual power flow on all transmission paths shall at no time exceed the OTC for more than 10 minutes for paths that are stability limited, or for more than 30 minutes for paths that are thermally limited.

## 5. Non-Compliance Levels

For each separate incident violating the OTC compliance standard, the level of the violation shall be as set forth in the following table:

Thermal Limited Paths:	Limit exceeded for more than 30 minutes, up to 35 minutes	Limit exceeded for more than 35 minutes, up to 40 minutes	Limit exceeded for more than 40 minutes, up to 45 minutes	Limit exceeded for more than 45 minutes
Stability Limited Paths:	Limit exceeded for more than 10 minutes, up to 15 minutes	Limit exceeded for more than 15 minutes, up to 20 minutes	Limit exceeded for more than 20 minutes, up to 25 minutes	Limit exceeded for more than 25 minutes
Percentage by which net scheduled or actual flows exceed OTC*				
greater than 0%, up to and including 5%	Level 1	Level 2	Level 2	Level 3
greater than 5%, up to and including 10%	Level 2	Level 2	Level 3	Level 3
greater than 10%, up to and including 15%	Level 2	Level 3	Level 3	Level 4
greater than 15%, up to and including 20%	Level 3	Level 3	Level 4	Level 4
greater than 20%, up to and including 25%	Level 3	Level 4	Level 4	Level 4
greater than 25%	Level 4	Level 4	Level 4	Level 4

\* measured after 10 continuous minutes of net scheduled or actual flows in excess of OTC.

## 6. Sanctions

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Normal

Path Rating and the "Specified Period" is the most recent calendar month.

#### **IV. RELIABILITY CRITERIA APPLICABLE TO GENERATORS**

##### **A. Generator Power System Stabilizers ("PSS") and Automatic Voltage Regulators ("AVR")**

###### **1. Participants Subject to Criterion**

The requirements of this criterion apply to each generating unit within the Western Interconnection subject to a Generator RMS Agreement or a WSCC RMS Agreement. The criterion shall be applied on a generator-by-generator basis (i.e., a Participant can be subject to a separate sanction for each noncompliant generator). This criterion shall not be applicable to any generator for any calendar quarter in which such generator is in service for less than five percent of all hours in such quarter (such generation shall still be subject to the data reporting requirements for such quarter).

###### **2. WSCC Criterion**

**a. Power System Stabilizers.** Power System Stabilizers on generators and synchronous condensers shall be kept in service and shall be properly tuned in accordance with WSCC requirements.

**b. Automatic Voltage Control Equipment.** Automatic voltage control equipment on generating units, synchronous condensers, and static var compensators shall be kept in service to the maximum extent possible with outages coordinated to minimize the number out of service at any one time. All generating units with automatic voltage control equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations.

###### **3. Data Reporting Requirement**

On or before the tenth day of each month (or such other date specified in Form A.5), a Participant shall submit to the WSCC office Power System Stabilizer and Automatic Voltage Regulator

data in Form A.5 (available on the WSCC web site) for the immediately preceding month.

**4. Compliance Standard**

Each generating unit equipped with PSS shall have the PSS in service when the unit is on line. AVR to be operated in voltage control mode for all hours that units equipped with AVR are on line.

**5. Non-Compliance Levels**

Level 1: Meeting PSS and AVR compliance standards in fewer than 98% but in 96% or more of all hours during which the generating unit is on line for each calendar quarter.

Level 2: Meeting PSS and AVR compliance standards in fewer than 96% but in 94% or more of all hours during which the generating unit is on line for each calendar quarter.

Level 3: Meeting PSS and AVR compliance standards in fewer than 94% but in 92% or more of all hours during which the generating unit is on line for each calendar quarter.

Level 4: Meeting PSS and AVR compliance standards in fewer than 92% of all hours during which the generating unit is on line for each calendar quarter.

In computing the percentages for this Section IV.A.5 a Participant may with respect to each generating unit in each calendar quarter exclude on a one-time basis all hours for the period (up to a maximum of 15 consecutive days), required to replace or repair faulty PSS or AVR equipment. To qualify for this exclusion, Participant shall give WSCC prompt notice of such replacement or repair, the expected time required therefore, and the date when such repair or replacement is completed.

**6. Sanctions**

For purposes of applying the sanctions specified in Section II for violations of this criterion, the "Sanction Measure" is Generating Unit Capability and the "Specified Period" is the most recent calendar quarter.

**V. RELIABILITY CRITERIA APPLICABLE TO SYSTEM USERS THROUGH TRANSMISSION TARIFFS AND TRANSMISSION AGREEMENTS**

[Reserved]

**VI. EXCUSE OF PERFORMANCE**

**A. Excused Non-Compliance**

Non-compliance with any of the reliability criteria contained in Sections III and IV shall be excused and no sanction applied if such non-compliance results directly from one or more of the actions or events listed in Sections VI.B(1)-(4).

**B. Specific Excuses**

**1. Governmental Order**

The Participant's compliance with or action under any applicable law or regulation or other legal obligation related thereto or any curtailment, order, regulation or restriction imposed by any governmental authority (other than the Participant, if the Participant is a municipal corporation or a federal, state, or provincial governmental entity or subdivision thereof).

**2. Order of Security Coordinator**

The Participant's compliance or reasonable effort to comply with any instruction, directive, order or suggested action ("Security Order") by the WSCC Security Coordinator for the WSCC sub-region within which the Participant is operating, provided that the need for such Security Order was not due to the Participant's non-compliance with (a) the WSCC Reliability Criteria for Transmission System Planning, (b) the WSCC Power Supply Design Criteria, (c) the WSCC Minimum Operating Reliability Criteria, or (d) any other WSCC reliability criterion, policy or procedure then in effect (collectively, "WSCC Reliability Standards"), and provided further that the Participant in complying or attempting to comply with such Security Order has taken all reasonable measures to minimize

Participant's non-compliance with the reliability criteria contained in Sections III and IV.

### **3. Protection of Facilities**

Any action taken or not taken by the Participant which, in the reasonable judgment of the Participant, was necessary to protect the operation, performance, integrity, reliability or stability of the Participant's computer system, electric system (including transmission and generating facilities), or any electric system with which the Participant's electric system is interconnected, whether such action occurs automatically or manually; provided that the need for such action or inaction was not due to Participant's non-compliance with any WSCC Reliability Standard and provided further that Participant could not have avoided the need for such action or inaction through reasonable efforts taken in a timely manner. Reasonable efforts shall include shedding load, disconnecting facilities, altering generation patterns or schedules on the transmission system, or purchasing energy or capacity, except to the extent that the Participant demonstrates to the WSCC Staff and/or the RCC that in the particular circumstances such action would have been unreasonable.

### **4. Extraordinary Contingency**

- a. Any Extraordinary Contingency (as defined in subsection c); provided that this provision shall apply only to the extent and for the duration that the Extraordinary Contingency actually and reasonably prevented the Participant from complying with any applicable reliability criteria; and provided further that Participant took all reasonable efforts in a timely manner to mitigate the effects of the Extraordinary Contingency and to resume full compliance with all applicable reliability criteria contained in this Reliability Agreement. Reasonable efforts shall include shedding load, disconnecting facilities, altering generation patterns or schedules on the transmission system, or purchasing energy or capacity, except to the extent that the Participant demonstrates to the WSCC Staff and/or the RCC that in the particular circumstances such action would have been unreasonable. Reasonable efforts shall not include the settlement of any strike, lockout or labor dispute.

- b. Any Participant whose compliance is prevented by an Extraordinary Contingency shall immediately notify the WSCC of such contingency and shall report daily or at such other interval prescribed by the WSCC the efforts being undertaken to mitigate the effects of such contingency and to bring the Participant back into full compliance.
- c. An Extraordinary Contingency means any act of God, actions by a non-affiliated third party, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, earthquake, explosion, accident to or breakage, failure or malfunction of machinery or equipment, or any other cause beyond the Participant's reasonable control; provided that prudent industry standards (e.g., maintenance, design, operation) have been employed; and provided further that no act or cause shall be considered an Extraordinary Contingency if such act or cause results in any contingency contemplated in any WSCC Reliability Standard (e.g., the "Most Severe Single Contingency" as defined in the WSCC Reliability Criteria or any lesser contingency).



**ATTACHMENT I  
WSCC TABLE 2 TRANSMISSION PATHS  
AS OF NOVEMBER 17, 1998**

	PATH NAME*	Path Number	Operating Agent
1.	TRANSALTA – BC HYDRO	1	BC Hydro
2.	Northwest – Canada	3	BC Hydro
3.	WEST OF CASCADES – NORTH	4	BPA
4.	West of Cascades – South	5	BPA
5.	West of Hatwai	6	WWP/BPA
6.	Montana to Northwest	8	MPC
7.	Billings – Yellowtail	53	MPC
8.	Idaho to Northwest	14	IPC
9.	Idaho – Sierra	16	SPP
10.	Borah West	17	IPC
11.	Idaho – Montana	18	MPC
12.	Bridger West	19	PAC
13.	Path C	20	PAC
14.	Pacific DC Intertie	65	BPA/LADWP
15.	COI	66	BPA/CISO
16.	PG&E – SPP	24	CISO
17.	South of Los Banos or Midway- Los Banos	15	CISO
18.	Northern – Southern California	26	CISO
19.	Intmntn. Power Project DC Line	27	LADWP
20.	Pavant – Gonder 230 kV Intermountain – Gonder 230 kV	32	SPP/LADWP
21.	TOT 1A	30	WAPA
22.	TOT 2		WAPA/PAC/NEVP
23.	TOT 2A	31	WAPA
24.	TOT 2B	34	PAC
25.	TOT 2C	35	NEVP
26.	TOT 3	36	WAPA
27.	TOT 5	39	WAPA
28.	SDGE – CFE	45	CISO/CFE
29.	West of Colorado River (WOR)	46	CISO
30.	Southern New Mexico (NM1)	47	EPE
31.	Southwest of Four Corners	22	APS
32.	East of the Colorado River (EOR)	49	APS
33.	Cholla – Pinnacle Peak	50	APS
34.	Southern Navajo	51	APS
35.	Northern New Mexico (NM2)	48	PNM
36.	SCIT		CISO
37.	COI/PDCI – North of John Day cutplane		BPA
38.	North of John Day cutplane	73	BPA

\* For an explanation of terms, path numbers, and definition for the paths refer to WSCC's Path Rating Catalog.