

NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

January 13, 2006

REGIONAL MANAGERS

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Ladies and Gentlemen:

Registration of Entities Responsible for Complying with Electric Reliability Organization Reliability Standards and Rules of Procedure

The North American Electric Reliability Council (NERC) requests each Regional Reliability Organization to register all responsible entities within the footprint of the region with NERC by March 15, 2006. A responsible entity is an organization that is projected to be responsible for complying with the reliability standards of the electric reliability organization (ERO) as required by the proposed ERO rules of procedure included in NERC's draft ERO application. The U.S. Energy Policy Act of 2005 defines the entities falling under the jurisdiction of the ERO as all bulk electric system owners, operators, and users. In Canadian jurisdictions, NERC is pursuing recognition and equivalent ERO authority from provincial governments and the federal National Energy Board.

The following definitions should be used when identifying bulk electric system owners, operators, and users to be registered within the region:

Bulk electric system — As defined by the Regional Reliability Organization, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition. [Source: *Glossary of Terms Used in Reliability Standards*]

User of the bulk electric system — Any entity that sells, purchases, or transmits electric power directly over the bulk electric system, that maintains facilities or control systems that are part of the bulk electric system, or that is a system operator. The term excludes customers that receive service at retail that do not

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otherwise sell, purchase, or transmit power over the bulk electric system or own, operate, control, or maintain facilities or systems that are part of the bulk electric system. [Source: *NERC ERO Application (Draft) — Draft Bylaws*]

Entities currently monitored in the NERC Compliance Enforcement Program were registered in an initial process, completed in the first quarter of 2005, that served as a useful starting point. The current request is to verify the data collected last year on these entities and to extend registration to include all other remaining bulk electric system owners, operators or user organizations that perform functions for which registration was not conducted last year.

The purpose of this request is threefold:

- As part of its ERO application, expected to be filed by the end of March 2006, NERC proposes to identify to FERC and the Canadian regulators the entities that are projected to fall under the jurisdiction of the ERO. This will clarify to the ERO and the regulatory authorities which entities fall under their reliability authority and which do not. NERC intends to maintain such information in a registration list, as a continuing responsibility of the ERO, supported by the regions.
- The registration will make entities themselves aware of whether or not they fall under the jurisdiction of the ERO, notwithstanding future adjustments to the registration list that may be necessary to improve its accuracy. Concurrent with bringing entities to this awareness will be conveying to them an appropriate level of understanding of the implications and obligations of being a registered entity.
- The registration will serve as an opportunity to update and verify the information on entities that are already monitored in the NERC Compliance Enforcement Program.

The details of the request — including registration criteria and instructions, requested information, registration forms, and a timeline — are provided in **Attachment 1**. NERC recognizes that gathering the requested information is a difficult challenge due to the complex organizational structures and arrangements common in the industry today. However, developing and maintaining an accurate registration of the organizations serving as responsible entities is a critical step to determining accountability for the reliable operation and planning of the North American bulk electric system.

Please direct any questions to Richard Schneider at richard.schneider@nerc.net. NERC welcomes any opportunity to assist each region with the resolution of any registration issues.

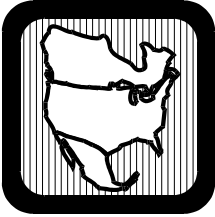
Sincerely,



David Hilt

Vice President–Compliance

cc: Data Collection Working Group



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Registration Request Details

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Request Overview

Each Regional Reliability Organization is requested to register with NERC by March 15, 2006, all entities within the footprint of the region that are projected to be responsible for complying with the reliability standards of the electric reliability organization (ERO); namely all bulk electric system owners, operators, and users. The following definitions should be used to identify bulk electric system owners, operators and users within the region:

Bulk electric system — As defined by the Regional Reliability Organization, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition. [Source: *Glossary of Terms Used in Reliability Standards*]

User of the bulk electric system — Any entity that sells, purchases or transmits electric power directly over the bulk electric system, or that maintains facilities or control systems that are part of the bulk electric system, or that is a system operator. The term excludes customers that receive service at retail that do not otherwise sell, purchase, or transmit power over the bulk electric system or own, operate, control, or maintain facilities or systems that are part of the bulk electric system. . [Source: *NERC ERO Application (Draft) — Draft Bylaws*]

Information submitted to NERC in response to this request should be e-mailed to registration@nerc.net.

The request can be met in three steps. However, the region may choose to complete the first two steps — which consist of data acquisition and submittal to NERC, only — by March 15, 2006.

The three steps are as follows:

- Step 1:** By March 15, 2006, provide to NERC a list of all organizations within the footprint of the region (whether members of the region or not) that are users of the bulk electric system in accordance with the definitions above. For each listed entity, designate which of the following functions (definitions provided in

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Attachment 1–A) they perform as an owner, operator, or user of the bulk electric system:

- Reliability Coordinator*
- Balancing Authority*
- Transmission Operator*
- Planning Authority*
- Transmission Planner*
- Regional Reliability Organization*
- Transmission Service Provider
- Purchasing-Selling Entity
- Generator Operator
- Load-Serving Entity¹
- Generator Owner
- Transmission Owner
- Distribution Provider
- Reserve Sharing Group
- Resource Planner

Organizations performing functions marked with an “*” in the above list should already be registered as a responsible entity from last year’s registration process; however, regions are requested to verify the registration information for them currently on file.

Step 2: By April 30, 2006, submit to NERC the following registration information for each entity identified in Step 1. A sample form for this purpose is provided as **Attachment 1–B**. NERC is preparing, and will soon forward, a generic letter that regions may use “as-is”, or adapt as necessary, to contact entities when soliciting them for registration information.

Information to be included:

- Organization Identifying Information
 - Legal name
 - Other name (if any)
 - Physical address
 - Mailing address (if different from physical address)
 - TSIN acronym(s)
- Contact Person/Personnel Information
 - Name
 - Title
 - Contact information
 - Phone number

¹ The LSEs to be identified here are the same organizations that NERC will allocate its funding requirements to, on an associated Net Energy to Load (NEL) basis. Regions are to include these entities in information submitted in response to this request; however, the existing data collection process of the Data Collection Working Group (DCWG) will be continued and used to acquire the information from source (i.e., from these entities).

- Fax number
- E-mail address
- Mailing address
- Current Certification Status
 - List any current organization certifications (e.g. reliability coordinator, control area, etc.)
- Authorized Entity Officer Information
 - Name
 - Title
 - Contact information
 - Phone number
 - Fax number
 - E-mail address
 - Mailing address
- Additional comments may be provided as necessary to complete or clarify any of the above information.

Step 3: After completion of Step 2 and after such time as NERC is authorized by FERC to become the ERO, regions are to contact each registered entity in their footprint to ensure that they are aware that they have been registered with NERC and to provide details of their registration as held in NERC’s files. Also, this correspondence should briefly identify and discuss significant implications and the obligations the entity has acquired as a consequence of its registration. NERC is preparing, and will forward, a generic letter that regions may use “as-is”, or adapt as necessary, when contacting entities for this purpose. This correspondence is to be addressed to the person identified via Step 2, above, as the entity’s authorized officer. NERC will contact regions to indicate when this step can be initiated.

The *NERC Organization Registration and Certification Manual* provides a description and discussion on the gathering and submittal of this information. A spreadsheet indicating the applicability of each requirement in the existing NERC standards by function is posted on the [Approved Reliability Standards](#) Web page.

Verification of Complete and Accurate Information

Each region is to provide confirmation that it believes the information it is providing to NERC is complete to the best of its knowledge. If the region knows the information is incomplete it shall inform NERC what part of the information it is unable to confirm, the steps being taken to complete the gathering of the required information, and the expected completion date.

Unreceptive or Non-Responsive Entities

NERC recognizes that regions may not receive voluntary or timely participation in the registration process from all entities responsible for complying with the requirements in the NERC Reliability Standards. In such instances, the region is to:

1. Propose to NERC how it believes such an entity should be registered;

2. Provide whatever information it has to identify the entity and support the proposed registration(s);
3. Clearly identify to NERC that it is proposing registration of the organization in question versus the organization registering itself; and
4. Clearly indicate any information it is providing that was not provided to it by the organization.

NERC, in conjunction with the region, will review these registration submissions for completeness and accuracy and will request additional information, as required, from the entity.

Additional Guidelines for Registration

Registration should not be seen as dictating organizational structures, responsibilities, or relationships. It is simply recording which organizations are responsible for meeting the NERC Reliability Standards and *ERO Rules of Procedure*.

The following guidelines are recommended:

1. Organizations shall be registered as of March 1, 2006. Any changes after that date to an entity's status are to be submitted to NERC within 30 days of becoming known.
2. Organizations registering as a reliability coordinator, balancing authority, or transmission operator shall be responsible for meeting all NERC Reliability Standards identified for that responsible entity. While organizations may delegate the performance of some tasks to other organizations, they may not delegate their responsibilities for performing those tasks.
3. Organizations registering as a reliability coordinator, balancing authority, or transmission operator shall indicate whether they have been NERC-certified to perform these functions.
4. Organizations registering as a reliability coordinator, balancing authority, or transmission operator must have a clearly defined area of responsibility (footprint) within the electrical system. A facility or portion of the system should not be within more than one reliability coordinator area, more than one balancing authority area, or more than one transmission operator area. Also, there must be no gaps in the interconnected power system between areas of responsibility for entities performing the same function.
5. Each balancing authority and transmission operator² shall be within the footprint of a single reliability coordinator.
6. Each transmission operator shall ensure that each of its electrical facilities is within the metered boundary of a balancing authority footprint. However, a transmission operator may operate facilities in the footprint of more than one balancing authority.
7. Organizations that serve as existing reliability coordinators shall register as reliability coordinators.

² An organization may serve as the operator for more than one area of responsibility, even in different interconnections. The intent of this requirement is that each balancing authority and each transmission operator must be within a single reliability coordinator footprint. Organizations that operate multiple systems in different reliability coordinator footprints should register separately for each reliability coordinator footprint in which it operates.

8. The objective is to achieve the following in the time frame of this registration, it is preferred that:
 - i. The footprint of each planning authority and transmission planner not overlap with that of another organization providing the same function;
 - ii. That there be no gaps between areas within the same function; and
 - iii. That each transmission planner's footprint is within a single planning authority area.

Please note any exceptions to these guidelines when the registration information is submitted.

Definitions of Defined Entity Types

The following definitions for defined entity types to be registered are extracted from the NERC document *Glossary of Terms Used in Reliability Standards*. That document contains NERC-approved definitions of all significant terms used within approved NERC Reliability Standards and other such documents, including terms used within the definitions listed below (e.g., interconnected operations services). For easy reference, NERC keeps a complete and current copy of the glossary posted on its Web site, on the [Approved Reliability Standards](#) page.

Entity Type	Acronym	Definition/Discussion
Balancing Authority	BA	The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a balancing authority area, and supports interconnection frequency in real time.
Distribution Provider	DP	Provides and operates the “wires” between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the transmission owner also serves as the distribution provider. Thus, the distribution provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage.
Generator Operator	GOP	The entity that operates generating unit(s) and performs the functions of supplying energy and interconnected operations services.
Generator Owner	GO	Entity that owns and maintains generating units.
Load-Serving Entity	LSE	Secures energy and transmission service (and related interconnected operations services) to serve the electrical demand and energy requirements of its end-use customers.
Planning Authority	PA	The responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems.
Purchasing-Selling Entity	PSE	The entity that purchases or sells, and takes title to, energy, capacity, and interconnected operations services. Purchasing-selling entities may be affiliated or unaffiliated merchants and may or may not own generating facilities.
Regional Reliability Organization	RRO	<ol style="list-style-type: none"> 1. An entity that ensures that a defined area of the bulk electric system is reliable, adequate and secure. 2. A member of the North American Electric Reliability Council. The Regional Reliability Organization can serve as the compliance monitor.

Entity Type	Acronym	Definition/Discussion
Reliability Coordinator	RC	The entity that is the highest level of authority who is responsible for the reliable operation of the bulk electric system, has the wide area view of the bulk electric system, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The reliability coordinator has the purview that is broad enough to enable the calculation of interconnection reliability operating limits, which may be based on the operating parameters of transmission systems beyond any transmission operator's vision.
Resource Planner	RP	The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific loads (customer demand and energy requirements) within a planning authority area.
Reserve Sharing Group	RSG	A group whose members consist of two or more balancing authorities that collectively maintain, allocate, and supply operating reserves required for each balancing authority's use in recovering from contingencies within the group. Scheduling energy from an adjacent balancing authority to aid recovery need not constitute reserve sharing provided the transaction is ramped in over a period the supplying party could reasonably be expected to load generation in (e.g., ten minutes). If the transaction is ramped in quicker (e.g., between zero and ten minutes) then, for the purposes of disturbance control performance, the areas become a reserve sharing group.
Transmission Operator	TOP	The entity responsible for the reliability of its "local" transmission system, and that operates or directs the operations of the transmission facilities.
Transmission Owner	TO	The entity that owns and maintains transmission facilities.
Transmission Planner	TP	The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the planning authority area.
Transmission Service Provider	TSP	The entity that administers the transmission tariff and provides transmission service to transmission customers under applicable transmission service agreements.