

NERC Directs Transmission Owners to Examine Facility Rating Discrepancies Between Design and Actual Field Conditions of Transmission Facilities

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On October 7, the North American Electric Reliability Corporation (NERC) issued a Recommendation to Industry (Recommendation) requesting that transmission owners review their current Facility Ratings Methodology for their transmission facilities to determine whether the methodologies incorporate the actual field conditions of the facilities. NERC is concerned that transmission owners have not considered the existing field conditions surrounding a transmission facility when establishing facility ratings. Under the Recommendation, all of the identified entities are required to submit a plan for how they will assess the actual condition of *all* of their transmission facilities, potentially leading to widespread revisions of transmission facilities ratings. **Entities that formally received the Recommendation are required to submit a receipt of acknowledgement by October 20, 2010, and submit plans for assessing their transmission facilities by December 15, 2010.** While the Recommendation is not itself an enforceable Reliability Standard, the reporting obligations are binding on the recipients pursuant to federal regulations.

The Recommendation arose out of a conductor-to-ground fault resulting from vegetation contact with a bulk power transmission line of a transmission owner. Upon a subsequent review using Light Detection and Ranging (LiDAR) technology, the transmission owner found more than 100 conductor-to-ground clearance issues that had previously gone undetected due to inconsistencies between the actual topography surrounding the transmission lines and the lines' design. As a result of this finding, NERC issued the Recommendation as a way to prod the industry to identify and eliminate these inconsistencies.

In particular, the Recommendation requires entities to determine if their Facility Ratings Methodology will produce appropriate ratings for *all* of their transmission facilities even when accounting for differences between actual field conditions and design. Entities are also required to review their transmission facility ratings to confirm that any differences between actual field conditions and design are within the entity's Facility Ratings Methodology design tolerance. These reviews could result in industrywide revisions to transmission facilities ratings as transmission owners identify instances where the ratings do not properly account for actual field conditions. In the Recommendation, NERC explained that when an entity finds a discrepancy, it should coordinate its findings with its respective reliability coordinator and transmission operator to properly revise the facility rating.

According to NERC, it maintains the authority to require repairs and upgrades of transmission facilities,

and should a reliability issue be identified after facility ratings are submitted, NERC will seek interim measures from companies until final mitigation plans are developed.¹

If you have any questions or would like more information on any of the issues discussed in this LawFlash, please contact any of the following Morgan Lewis attorneys:

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¹ Paul Carlsen, *NERC seeks feedback on facilities ratings*, ELECTRIC POWER DAILY, Oct. 8, 2010, at 11.