

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

<b>GRID ASSURANCE, LLC</b>	)	<b>DOCKET NO. EL15-76-000</b>
	)	<b>MOTION TO INTERVENE</b>
	)	

**MOTION TO INTERVENE SUBMITTED BY THE FOUNDATION FOR RESILIENT SOCIETIES, INC.**

(Filed July 9, 2015)

On June 9, 2015, pursuant to Rule 207(a)(2) of the Federal Energy Regulatory Commission (hereafter “Commission”), Grid Assurance, LLC (hereafter “Grid Assurance”) filed a Petition for a Declaratory Order requesting declaratory findings by the Commission for the benefit of prospective subscribers to a spare transmission equipment service, and seeking exemption from Commission approvals before prospective sales of certain spare equipment, and also seeking affirmation that contracting for spares with Grid Assurance would be an approved resiliency element under one or more NERC Reliability Standards.

Pursuant to the Commission’s Rules of Practice and Procedure, Rules 211 and 214, 18 CFR §385.211 and §385.214, the Foundation for Resilient Societies, Inc. [hereafter “Resilient Societies”], a non-profit research and education organization committed to enhancing the resilience of critical infrastructures, moves to intervene, and by this filing submits this motion to intervene in the proceedings under Commission Docket EL15-76-000.

Rule 214 of the Commission’s Rules of Practice and Procedure provides that the Movant filing a Motion to Intervene must state [Rule 214(b)(1)] “to the extent known, the position taken by the movant and the basis in fact and law for that position.

Resilient Societies has not previously taken a position on the regulation or exemption from prior Commission approval for the acquisition, transportation, or sale of sparing equipment to support transmission owners and operators participating in the bulk power system.

Nonetheless, because the mission of Resilient Societies is to perform research and educational

projects that strengthen the resilience of critical infrastructure, including the electric grid, our position is to strongly support initiatives that, through pooled acquisition of equipment spares, offer the potential to: expand spare equipment availability; to reduce the per unit costs of spare equipment; to reduce the time for delivery of spare equipment; to increase the likelihood that spare equipment is suitable for particular equipment needs; to reduce the likelihood or scope of grid blackouts; and to reduce the scope, time, and costs of grid instability, separations, or cascading outages.

Resilient Societies' position is to support a Declaratory Order by the Commission (1) exempting Grid Assurance from prior Commission approvals before sales of spare equipment above designated dollar values and (2) affirming that contracting with Grid Assurance for access to spare critical transmission equipment is a permissible resiliency element of a physical security plan under Requirement R5 of mandatory reliability standard CIP-014-1; a , *provided that the Commission conditions its approval of the waiver of duties for prior Commission approval under Section 203 of the Federal Power Act and other regulatory requirements upon the submission by Grid Assurance of an Annual Public Information Report to the Commission on its Equipment Sparing Priority Policies, Practices, and Sparing Capabilities.*

Movant Resilient Societies has an interest in the public availability of an *Annual Public Information Report* to the Commission, a report that is also available to the U.S. Nuclear Regulatory Commission, to other federal and state electric regulators, to the Department of Homeland Security, and to public interest organizations including Resilient Societies. In return for the accommodations for industry requested of the Commission by declaratory order, and by extension accommodations requested of the public, the public should be able to have the right to independently access the adequacy of sparing strategies supported or not supported by Grid Assurance within the broader category of resiliency initiatives for the bulk power system and for the transmission and distribution systems of the several states.

Without required annual public disclosure by Grid Assurance and similar competitors, much may be given to industry by the Commission with potentially little benefit to the public in

return. We can easily foresee a situation developing whereby the existence of Grid Assurance and similar sparing strategies is presented by industry as a rationale to avoid requirement of other protective measures for hard-to-replace equipment, when in fact the paucity of physical spares would provide meager real protection for the public.

Resilient Societies notes that in FERC Order No. 693 (paras 1724 and 1725), the Commission recognized that alternative equipment sparing strategies would need to be a part of the requirements planning process for transmission operators and for other entities within the bulk power system.<sup>1</sup>

In Order No. 693 the Commission determined that:

[para. 1724] equipment such as transformers may not be available for service for a year or more and therefore their unavailability cannot be scheduled when system conditions permit. [para. 1725.] The current Reliability Standards do not require assessment of the reliability impacts that result from not having this long lead time equipment available under those system conditions likely to be experienced during the course of the year when the system is heavily stressed. Clearly the consideration of planned outages is inextricably linked with spare equipment strategy. Thus, if an entity's spare equipment strategy for the permanent loss of a transformer is to use a "hot spare" or to relocate a transformer from another location in a timely manner, the outage of the transformer need not be assessed under peak system conditions. However, if the spare equipment strategy entails acquisition of a replacement transformer that has a one-year or longer lead time, then the outage of the transformer must be assessed under the most stressed system conditions likely to be experienced. Accordingly, the Commission directs the ERO to modify the planning Reliability Standards to require the assessment of planned outages consistent with the entity's spare equipment strategy.

Resilient Societies has an interest in the availability to federal and state regulators and to interested research entities such as Resilient Societies of information that will enable cost-benefit comparisons among alternative sparing strategies, including strategies adopted by Grid

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<sup>1</sup> See FERC Docket RM06-16-000, Order No. 693, paras. 1724 and 1725, at pp. 443-444, issued March 16, 2007.

Assurance and its subscribers, or by other entities providing alternative sparing strategies and capabilities.

Resilient Societies has developed and plans to improve and make available to the public via our website ([www.resillientsocieties.org](http://www.resillientsocieties.org)) economic models for the hardware protection options that protect the U.S. and/or the North American electric grid from high consequence hazards, including solar geomagnetic disturbances, man-made electromagnetic pulse, cyber-threats to grid stability, and other high consequence hazards. Resilient Societies seeks availability of an *Annual Public Information Report* that identifies:

1. Categories of equipment spares to be on offer to subscribers
2. The number of subscribers at the beginning and end of the 12 month period
3. High and low number of spares by category stocked as physical assets of Grid Assurance over the space of the 12 month period
4. Number of physical spares by category committed to subscribers by contract
5. Number of units of each category sold, rented, or loaned by Grid Assurance in the prior year
6. Average prices charged to subscribers by Grid Assurance by category and equipment type
7. Contractual priorities for delivery of spares when more than one subscriber demands a spare
8. Contractual priorities for equipment spare replenishment when inventories are exhausted
9. Policies that protect against preferential or discriminatory access to equipment spares
10. Policies that discourage the concentration of control over equipment spares that would be anti-competitive
11. And other information in the public interest as determined by the Commission<sup>2</sup>

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<sup>2</sup> Resilient Societies asks the Commission to take note that one intervener in Docket No. EL15-76-000, ABB, Inc. concedes in its filing: "ABB is the world's leading provider of large power transformers, and ABB companies have supplied more than 70 percent of transformers that comprise the North American electric grid." Letter from ABB

Resilient Societies seeks Commission acceptance of our Motion to Intervene because we assert it is in the public interest for Resilient Societies to participate in FERC Docket EL15-76-000 so as to encourage shared pooling of equipment spares, and also to assure that sparing institutions, through annual public reporting, avert overstating the potential of shared spare equipment pooling; hence to also encourage the concurrent pre-outage hardware protection of critical equipment against natural occurring or man-made hazards; and to encourage stronger standards for physical and cybersecurity protection of the bulk power system.

Therefore, because the movant, Resilient Societies, has interests which may be directly affected by Commission actions or inactions in this Docket and by Applicant's requests, and because no other participant may adequately represent the interests of the public and Resilient Societies in this docket, we respectfully request that the Commission grant our Motion to Intervene as being in the public interest.

Respectfully submitted by:



William R. Harris

as the Secretary and Member of the Board of Directors, on behalf of  
FOUNDATION FOR RESILIENT SOCIETIES, INC.

52 Technology Way

Nashua, N.H. 03060

[williamh@resilientsocieties.org](mailto:williamh@resilientsocieties.org)

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Regional Division Head to FERC Chairman Bay, June 18, 2015 at p. 1. Hence, as a matter of public policy the Commission should seek annual information reports from spare equipment stockpile owners or vendors to assure that subscriber access, delivery priorities, and other practices are non-discriminatory, and that these equipment sparing policies enhance competition in a marketplace with substantial pre-existing market concentration.