



NORTHEAST POWER COORDINATING COUNCIL, INC.
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December 19, 2008

Mr. David Kiguel
Manager, Reliability Standards
Hydro One Network, Inc.
483 Bay St.
TCT-15
Toronto, ON, M5G 2P5

Re: NPCC Bulk Electric System Listing

At the September, 2008 NPCC General Meeting and again at the November 19, 2008 Reliability Coordinating Committee meeting, NPCC announced that it expected a directive from the Federal Energy Regulatory Commission (FERC) clarifying the definition of the Bulk Electric System in the United States. At those times NPCC indicated that it expected FERC to mandate that the Bulk Electric System would be defined using a “bright-line” of all transmission systems and elements connected to 100kV and above and that NPCC would modify its definition accordingly. It should be noted that all of the other seven Regional Entities already use 100 kV and above to define the Bulk Electric Systems of their register entities.

On December 18, 2008 FERC issued an order directing NERC and NPCC to submit a comprehensive list of Bulk Electric System facilities within the U.S. portion of the NPCC region. As a part of its response to FERC and for consistency within North America, NPCC will utilize a 100kV and above definition for applicability of all NERC Standards and Requirements that have been NERC and FERC approved. It should also be noted that NPCC will continue to have the right to define generation materiality based on the NERC Registration Criteria and may register generation connected to lower voltages than 100kV.

NPCC will continue to use the Bulk Power System definition and the reliability impact-based methodology contained in Document A-10 to define the Bulk Power System for the implementation of NPCC regionally-specific Criteria documents. NPCC and its members continue to review and revise the A-10 methodology, to assure that its application continues to provide the accurate identity of those elements most critical to the reliability of the Bulk Power System, and as such that should be subject to the NPCC more stringent Criteria.

NPCC directs that all TOs and TOPs that are receiving this notice assess the impact of this new definition and determine the impact that 100kV and above will have on meeting the NERC standards. NPCC requests that the assessment be completed by January 15, 2009 to ensure that any implementation plans necessary for full compliance with the NERC standards are submitted to and approved by NPCC before May 1, 2009. By being proactive, with this request, NPCC wants to ensure a timely and efficient transition implementing a 100 kV and above directive. As an example, this change will likely require that the TOs that are in the New York footprint and have Control Centers of Operations will be registered as TOPs. Currently, the New York TOs have agreements in-place with NYISO that the NYISO is the TOP based on the Bulk-Power System as defined by A-10. These

entities should work closely with NPCC and NYISO to determine the impact that this will have on their organization.

NPCC is aware of the impact that the “bright-line” may have on all registered entities. NPCC will work closely with each registered entity to ensure that the proper reviews are completed, that additional compliance training on NERC standards and the Compliance Monitoring and Enforcement Program is available, that any mitigation plans that need to be in place prior to new registration of a functional responsibility are acceptable, and that all identified milestones in any mitigation plans are met.

In the coming weeks NPCC will be seeking further information pertaining to transmission facilities rated at 100 kV and above; generation units with a gross nameplate rating of 20 MVA or above that are directly connected to a 100 kV and above transmission facilities; and "load shedding and special protection relay facilities to respond the December 18, 2008 data submission directive of FERC.

Please do not hesitate to contact Mr. Trey Kirkpatrick at tkirkpatrick@npcc.org or me at skopman@npcc.org if you have any questions with regard to this matter.

Sincerely,

Stanley E. Kopman

Stanley E. Kopman
Assistant Vice President - Compliance