
**ONTARIO ENERGY BOARD
OF THE PROVINCE OF ONTARIO**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF WITHDRAWAL OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF BAL-004-1 – TIME ERROR CORRECTION**

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NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF BAL-004-1 – TIME ERROR CORRECTION**

The North American Electric Reliability Corporation (“NERC”) hereby submits this Notice of Withdrawal of its NERC’s April 7, 2009, Petition for Approval of the BAL-004-1 Time Error Correction Reliability Standard (“Petition”). BAL-004-0 is currently effective and is unaltered by the submission of this Notice.

I. BACKGROUND

A. Time Error Correction Generally

Time Error occurs when a synchronous Interconnection operates at a frequency that is different from the Interconnection’s Scheduled Frequency. Interconnections control to 60 Hz (60 cycles per second); however, the control is imperfect and over time will result in the average frequency being either above 60 Hz or below 60 Hz. This discrepancy between actual frequency and Scheduled Frequency results from an imbalance between generation and interchange and load and losses, which also results in Inadvertent Interchange.¹ Time Error Correction is the procedure Reliability

¹ Inadvertent Interchange occurs when unplanned energy transfers cross Balancing Authority boundaries, typically where a Balancing Authority experiences an operational problem that prevents its net

Coordinators and Balancing Authorities follow to reduce Time Error and regulate the average frequency closer to 60 Hz. The Time Error Correction Reliability Standard, BAL-004-0, sets forth the process that Reliability Coordinators and Balancing Authorities follow to offset their Scheduled Frequency to reliably correct for the accumulated Time Error. The efficiency of Time Error Corrections is determined by the participation of all Balancing Authorities within the Interconnection. Coordination and oversight by all Balancing Authorities and Reliability Coordinators is necessary to ensure that Time Error Corrections are performed reliably.

B. Proposed Reliability Standard BAL-004-1

BAL-004-0, Requirement R1 currently states that only a Reliability Coordinator is eligible to serve as an Interconnection Time Monitor, and that the NERC Operating Committee shall designate a single Reliability Coordinator in each Interconnection to serve as Interconnection Time Monitor. The proposed changes in BAL-004-1 would remove the requirement that the NERC Operating Committee designate Interconnection Time Monitors. The proposed change would vest authority for designating Interconnection Time Monitors with the NERC Board of Trustees, based on NERC Operating Committee review and recommendation. As NERC noted in its filing, BAL-004-1 was intended to maintain the *status quo* by allowing a Reliability Coordinator to continue to be available to serve in the voluntary role of Interconnection Time Monitor. As explained below, NERC has determined that these proposed changes to BAL-004-1 are unnecessary and therefore, NERC is providing notice of its withdrawal of the Petition for approval of BAL-004-1.

actual interchange of energy from matching its net scheduled interchange with other Balancing Authorities within the Interconnection.

C. Procedural History

NERC submitted the current Time Error Correction Reliability Standard, BAL-004-0, on April 3, 2006. The NERC Operating Committee submitted a Standard Authorization Request (“SAR”) to the NERC Standards Committee on July 11, 2007, proposing changes to BAL-004-0. The Operating Committee requested that the Standards Committee use the “Urgent Action” process in addressing the proposed revisions. At its September 11, 2007 meeting, the Standards Committee determined to post the SAR and proposed standard changes using the Urgent Action process, stating that the potential loss of a willing Reliability Coordinator to serve as the Interconnection Time Monitor justified use of the Urgent Access process. The BAL-004-1 standard passed with 97.45 percent of the 157 ballot pool participants voting, resulting in a weighted segment approval of 94.10 percent. The NERC Board of Trustees approved the revised Reliability Standard on March 26, 2008.

On April 7, 2009, NERC filed the proposed BAL-004-1 Reliability Standard. In response to NERC submission to the Federal Energy Regulatory Commission (“FERC”), FERC issued a Notice of Proposed Rulemaking (“NOPR”) on March 18, 2010, that proposed to remand the standard and direct NERC to make specific changes to address FERC concerns.² Specifically, FERC proposed to direct NERC, on remand, to modify its proposed changes to Requirement R2 to (1) indicate that the Time Monitor, designated according to a process described in a FERC-approved document, is responsible for initiating or termination a Time Error Correction in a reliable manner; and (2) explain the

² *Time Error Correction Reliability Standard*, 130 FERC ¶ 61,201 (2010).

circumstances under which the Time Monitor should start or end a Time Error Correction.³

NERC and several other entities submitted comments to FERC regarding the NOPR. General support for FERC's NOPR proposal seemed lacking, as reflected in comments from NERC, the Edison Electric Institute, the Midwest Independent Transmission System Operator, Inc., and the ISO/RTO Council. No entity submitted comments in direct support of the NOPR's proposal to remand BAL-004-1.

On August 20, 2010, NERC submitted to FERC a Motion to Defer Action on the BAL-004-1 Petition. In the motion, NERC noted that ongoing testing and analysis of Time Error Correction might lead to NERC's withdrawal of the request for approval of BAL-004-1 and the retirement of BAL-004-0, and that issuing a final rule would be premature at this stage in the process. NERC requested that FERC defer action until August 20, 2011. NERC also stated that it would submit a status report six months from the date of the motion. On February 22, 2011, NERC filed an informational status report, fulfilling that commitment.

On August 11, 2011, NERC filed with FERC a Motion to Further Defer Action on NERC's Petition for Approval of BAL-004-1. On August 16, 2012, the NERC Board of Trustees rescinded its approval of BAL-004-1 and directed NERC Staff to withdraw the BAL-004-1 filings submitted to the applicable governmental authorities. BAL-004-0 remains in effect and is unaffected by the submission of this Notice.

³ *Id.* at P 25.

II. NOTICES AND COMMUNICATION

Notices and communications with respect to this filing may be addressed to the following:

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III. SUPPORT FOR NOTICE OF WITHDRAWAL OF BAL-004-1

NERC and its stakeholders performed significant outreach to entities both inside and outside the electric utility industry to determine if Manual Time Error Correction could be eliminated with minimal harm. While it was clear that eliminating Time Error Corrections is unlikely to have a negative impact on reliability that was insurmountable, it also became clear that the potential for other problems was largely undefined and not well understood. Following extensive discussion and debate over several months, it was ultimately determined by the NERC Operating Committee at its March 6-7, 2012, meeting that NERC should discontinue its effort to eliminate Manual Time Error Corrections.

When considering the original reasons enumerated above for creating BAL-004-1, NERC has learned that those concerns may no longer be as acute as originally envisioned.

- To date, no Interconnection Time Monitor has incurred a violation of BAL-004-0. The need to modify the standard to address this concern would appear to be less severe than originally envisioned.
- Upon further review, because the NERC Operating Committee is not a registered entity, there is no potential for compliance actions against the Operating Committee. As such, the statement regarding the role of the Operating Committee in selecting the Interconnection Time Monitor should be considered for informational purposes only. There is no need to change the standard to address this concern, other than for purposes of clarification.
- FERC's prior approval of the BAL-004-0 standard indicates that there is not a conflict in requiring that entities adhere to the NAESB business practices associated with Time Error Correction, as is provided in Requirement R2. In the proceedings under FERC Docket RM06-16-000 (Order No. 693), no entities expressed an objection to Requirement R2. While elimination of the reference to NAESB business practices may still be considered on a going-forward basis, this alone is insufficient justification to pursue a change to the standard at this time.

Additionally:

- BAL-004-0 remains in effect, and has been in effect since 2007.
- Manual Time Error Correction is no longer expected to be eliminated.

- The Reliability Standards Development Plan already includes a project to address modifications of BAL-004. Based on the prioritization established during the development of the 2012-2014 Reliability Standards Development Plan, Project 2010-14.2 Phase 2 of Balancing Authority Reliability-based Controls: Time Error, AGC, and Inadvertent, is expected to begin in 2013.

For these reasons, NERC hereby submits this Notice of Withdrawal of NERC's April 7, 2009, Petition for Approval of the BAL-004-1. As noted above, BAL-004-0 remains in effect and is unaltered by the submission of this Notice.

IV. CONCLUSION

NERC respectfully requests withdrawal NERC's filing of BAL-004-1.

Respectfully submitted,

/s/ Stacey Tyrewala

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