

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Consideration of Comments Summary

Project 2010-14.1 BARC – Reserves
BAL-002-2

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RELIABILITY | ACCOUNTABILITY



3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

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Introduction

The Project 2010-14.1 Drafting Team thanks all commenters who submitted comments on the proposed revisions to BAL-002-2. The standard was posted for a 45-day formal comment period from October 28, 2013 through December 11, 2013. Stakeholders were asked to provide feedback on the standard and associated documents through a special electronic comment form. There were 32 sets of responses, including comments from approximately 90 different people from approximately 70 companies representing all 10 Industry Segments..

All comments submitted may be reviewed in their original format on the [project page](#).

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process. If you feel there has been an error or omission, you can contact Vice President and Director of Standards Mark Lauby at 404-446-2560 or at mark.lauby@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

¹ The appeals process is in the Standard Processes Manual: http://www.nerc.com/files/Appendix_3A_StandardsProcessesManual_20120131.pdf

Consideration of Comments

Purpose

The BARC Standard Drafting Team (SDT) appreciates industry's comments on the BAL-002-2 standard. The SDT reviewed all comments carefully and made changes to the standard accordingly; however, the new Standards Process Manual (SPM) does not require the SDT to respond to each comment if an additional comment period and ballot are needed. The following pages are a summary of the comments received and how the SDT addressed them. If a specific comment was not addressed in the summary of comments, please contact the NERC standards developer to discuss.

NERC Glossary Term "Reportable Balancing Contingency Event"

Some commenters questioned the need for this term. The SDT is addressing a FERC directive to create a continent wide Contingency Reserve Policy. The SDT believes that the first step in creating this policy is to define what would constitute a reportable event. The SDT believes it is addressing the directive by defining what constitutes a reportable event. The SDT also points to the request made by the Northwest Power Pool for an interpretation of BAL-002-1 currently pending at FERC in Docket No. RM-13-6-000. The interpretation was requested to provide clarity as to what constituted a Disturbance Control Standard (DCS) event and if a BA was to be held compliant for an event greater than its MSSC.

A small number of commenters expressed confusion about when a Reportable Balancing Contingency Event begins or when a Balancing Contingency Event could become a Reportable Balancing Contingency Event. The SDT addressed this concern within the definition of a Reportable Balancing Contingency Event, with the phrase "occurring within a one minute interval of the initial sudden decline in ACE based on EMS scan rate data." For example, if a Balancing Authority's (BA) Most Severe Single Contingency (MSSC) is 500 MW, then 80% of 500 MW yields a 400 MW change that must be observed within a sliding one minute interval in the output of the resource lost in order to qualify as a Reportable Balancing Contingency Event. When the output of the resource lost meets this criterion, the first occurrence of a decline in the lost resource's output observed within the EMS scan rate data within that sliding one minute interval demarcates the start of the event.

Definitions

One commenter questioned why Reporting ACE was not listed in the definitions. The term was removed from BAL-002-2 since it had been approved by the industry and adopted by the NERC BOT during the development of BAL-001-2.

Applicability Section

Some commenters questioned why the Applicability was on an event by event basis. The SDT is aware of RSGs that allow a BA to participate as a member of the RSG or to respond to an event without activation of the RSG. Since some RSGs allow for this to occur, the SDT feels that the language is appropriate and should be included in the applicability section.

One commenter appeared confused as to who could activate Contingency Reserves. They believed that BAL-002-2 was allowing for a Frequency Response Sharing Group (FRSG) to deploy Contingency Reserve. BAL-002-2 does not provide for this to happen. This standard only provides for Contingency Reserves to be deployed for Balancing Contingency Events and Reportable Balancing Contingency Events.

Another commenter questioned what the SDT meant by use of the term "active status". The SDT believes that this term provides sufficient clarity and that those BA's and RSG's that allow for a BA to either use the RSG to recover from an event or recover from the event on their own understand the use of the term.

Energy Emergency Alert Level 2 or Level 3

A couple of commenters disagreed with the SDT using the terms Energy Emergency Alert Level 2 or Level 3. The SDT is attempting to correct the present inconsistency between BAL-002 and EOP-002. The SDT has identified the problem that if a BA is operating under either an Energy Emergency Alert Level 2 or Level 3 it would have deployed its reserves but would still be held compliant with the present BAL-002-1. However, the SDT believed that there could be issues arising from defining a specific alert level. The SDT modified the language to provide additional clarity and removed any reference to a specific alert level.

Another commenter believed that BAL-002-2 was directing a BA to shed firm load. BAL-002-2 does not have any language in it which mentions shedding load, either firm or interruptible. The SDT believes that shedding of load, either firm or interruptible, is an issue that must be addressed in the EOP standards.

Requirement R1

The SDT made some minor clarifying modifications to the requirement.

A few commenters said that the language in Requirement R1 was too complex and hard to understand. The SDT is correcting problems inherent in the current standard, which erroneously establish some requirements within the compliance elements of the standard. By moving the requirements language from the compliance elements into the requirements, the SDT believes that it more properly addresses instances regarding events that may be greater than MSSC. However, the SDT agreed that the language could be confusing as it was initially written. The SDT modified the requirement and removed some of the confusing language to provide additional clarity. The SDT has also provided CR Form 1 to assist Bas in calculating its compliance with a Reportable Balancing Contingency Event.

Some of the commenters felt that the use of the terms “subsequent” and “already occurred” created confusion within the requirement. The SDT agreed and has removed these terms.

A couple of commenters were confused as to why CR Form 1 was not attached to the standard. The CR Form 1 will be attached to the standard once the standard is approved by the industry and prior to filing with FERC.

The SDT added Requirement R1 part 1.3 to clearly identify that a BA would not be held compliant with Requirement R1 when its Reportable Balancing Contingency Event exceeded its MSSC during the Contingency Event Recovery Period or its Contingency Reserve Restoration Period. The 105 minute timeframe referenced in this requirement is simply the combination of the 15 minute Contingency Event Recovery Period and the 90 minute Contingency Reserve Restoration Period. These time periods have been in use for many years by the industry and the SDT did not see any reason to modify them.

One commenter stated that the draft standard was requiring deployment of reserves for any and all events. The SDT disagrees with the commenters concern. The current draft of the standard does not require the deployment of reserve for anything other than a Reportable Balancing Contingency Event. The SDT has added language in the Additional Compliance section and in Requirement R2 that allows a BA to deploy reserves for events other than a Reportable Balancing Contingency Event but does not require this to be done.

Another commenter wanted the SDT to modify the requirement to use the term “shall” in parts 1.1, 1.2 and 1.3. The SDT discussed this but did not see any advantage to using this term over what is presently used in the standard.

Requirement R2

Several commenters did not believe that Requirement R2 was necessary. The SDT disagrees and believes the requirement is necessary for reliability and to meet the approach for the FERC directive. The current standard (Requirement R3 part 3.1) requires a BA or RSG to maintain Contingency Reserve at least equal to its MSSC.

A couple of commenters felt that this requirement was too restrictive in that it did allow for use of Contingency Reserve for anything other than a Reportable Balancing Contingency Event. Although the SDT had added language in the Additional Compliance Information section to allow for this to occur it was still not clearly stated that an entity would not be penalized for being below its MSSC during these events. The SDT added language in Requirement R2 to clearly state that an entity could deploy Contingency Reserve for events other than reportable events.

A few commenters believed that there was a problem with the use of the term “averaged over each Clock Hour”. The SDT agreed and modified the language to reflect averaging for both reserves and MSSC.

Another commenter felt that the structure of the requirement created confusion. The SDT agreed and modified the requirement to provide clarity.

A couple of commenters disagreed with removing the five hour exemption from Requirement R2. The SDT removed the five hour exemption because they could not develop a sufficient argument to allow a BA to be deficient and not have its MSSC at all times other than during the times when the Contingency Reserve was being deployed or when the BA is operating during the Contingency Event Recovery Period or the Contingency Reserve Restoration Period given that the present standard does not allow for any such exemption. However, the SDT did add language in the requirement to allow for Contingency Reserves to be deployed for events other than reportable events.

Measure M2

One commenter stated that they felt the Measure M2 was written as more of an exemption rather than a measure. The SDT added the language to the measure for Requirement R2 to identify when data would be excluded from the calculation of Contingency Reserve. The SDT modified the language to provide additional clarity.

Violation Severity Levels (VSLs)

There were a couple of comments regarding concerns with the VSLs. All VSLs have been reviewed and modified as necessary to ensure proper alignment with the requirements.

One commenter felt that the VSL for Requirement R1 should have something to account for an entity not using CR Form 1. If an entity does not provide the information on CR Form 1 then the entity would be deemed to have not responded to the event and therefore would be at a Severe VSL.

Quarterly Compliance

The only DCS quarterly performance reporting is for Requirement 3 of presently existing Reliability Standard BAL-002-1, which says “Each Balancing Authority or Reserve Sharing Group shall activate sufficient Contingency Reserve to comply with the DCS.” There are 2 additional requirements, R4 and R5, which have immediate compliance implications. Requirement 4 states “A Balancing Authority or Reserve Sharing Group shall meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances.” This is an immediate measure of a BA’s ability to return its Area Control Error (ACE) to pre-disturbance ACE or zero depending on the pre-disturbance. Requirement 5 states “Each Reserve Sharing Group shall comply with the DCS.” A Reserve Sharing Group shall be considered in a Reportable Disturbance condition whenever a group member

has experienced a Reportable Disturbance and calls for the activation of Contingency Reserves from one or more other group members, and makes no mention of quarterly compliance. The same is true for Requirement 4; therefore, it is also subject to immediate compliance.

The Disturbance Recovery Criterion is calculated for each event and reported on a quarterly basis; however, such events are relatively rare and there may be one or less such events in a given quarter. Many of the significant events in NERC which involved unit tripping have resulted in the responsible entity paying a fine for failure to comply with BAL-002. Therefore it is necessary to clarify that DCS compliance is based on an event-by-event basis and not on a quarterly basis. DCS recovery is not a long term measure and a quarterly measure could send the wrong signal to the responsible entity.

The newly proposed BAL-002 no longer includes a provision for increasing the amount of contingency reserves as a part of the penalty for non-compliance. In fact, the increasing of contingency reserves is not now part of what NERC would impose as a penalty. In addition, the increases in contingency reserves associated with non-compliance most likely would result in a much bigger monetary consequence than the sanction/fine that would be imposed by NERC. Since increasing Contingency Reserves is no longer part of the penalty, using a quarterly measure to determine an average failure makes little sense. As soon as a responsible entity fails to comply with DCS requirements for an event, they will fail for the quarter. If that failure were to occur early in the quarter, there could be exposure to additional penalties since it may be non-compliant for up to 90 days since the failure before the determination of the quarterly measure is made.

New NERC standards typically use a report by exception instead of continuous reporting scheme. The proposed BAL-002 does not include a reporting requirement. The SDT provides a statement of the required performance (what is required) and the CR Form 1 to use in determining compliance. If a responsible entity determines it was non-compliant for a reportable event, they are expected to self-report, similar to any other discovery of non-compliance. A failure to self-report could result in the non-compliance being discovered at the next audit of the entity, with exposure to many days of non-compliance.

Background Document

The SDT modified the BAL-002-2 Background Document to provide rationale for excluding events greater than a BA's MSSC.

One entity questioned how the SDT developed the reporting thresholds. This is discussed on pages 8 and 9 of the Background Document and the graphs are shown in Attachment 1 of the Background Document.

Reliability Standard Audit Worksheet (RSAW)

The SDT received comments requesting a Reliability Standards Audit Worksheet (RSAW). The RSAW was developed and posted to the project page.