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

**NORTH AMERICAN ELECTRIC )     Docket No. RM09-13-000**  
**RELIABILITY CORPORATION )**  
**)**

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
STATUS REPORT REGARDING BAL-004-1 TIME ERROR CORRECTION  
RELIABILITY STANDARD**

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February 22, 2011

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**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
STATUS REPORT ON BAL-004 TIME ERROR CORRECTION RELIABILITY  
STANDARD**

**I.     INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”) hereby submits to the Federal Energy Regulatory Commission (“FERC”) for informational purposes its status report on the development of Reliability Standard BAL-004-1 — Time Error Correction. In a Motion to Defer Action filed on August 20, 2010, NERC noted that it would submit a status report in six months from the date of the Motion.<sup>1</sup> This filing completes that commitment.

**II.    NOTICES AND COMMUNICATIONS**

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

Gerald W. Cauley  
President and Chief Executive Officer  
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\*Persons to be included on FERC’s service list are indicated with an asterisk.

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<sup>1</sup> *Motion to Defer Action*, filed by the North American Electric Reliability Corporation, FERC Docket No. RM09-13-000 (August 20, 2010).

### **III. BACKGROUND**

On March 11, 2009, NERC filed a petition for approval of Reliability Standard BAL-004-1—Time Error Correction.<sup>2</sup> On March 18, 2010, FERC issued a Notice of Proposed Rulemaking (“NOPR”) that proposed to remand the BAL-004-1 standard approved by the NERC Board of Trustees in order for NERC to develop several modifications to the standard.<sup>3</sup> The Commission cited concerns with BAL-004-1 Reliability Standard regarding whether it should be more specific as to when manual Time Error Corrections should start and stop. On April 28, 2010, NERC filed comments in response to the NOPR in which it disagreed with the Commission on the specificity needed in the BAL-004-1 standard, requested that FERC not direct that additional detail be added to the standard, and suggested the scheduling of a technical conference to discuss issues with the standard.<sup>4</sup> Following submission of comments in response to the NOPR, NERC submitted on August 20, 2010, a Motion to Defer Action in which it requested that the Commission delay a decision on the proposed BAL-004-1 standard.<sup>5</sup> NERC requested that action be deferred due to ongoing review of the potential effect of elimination of manual Time Error Correction by NERC’s stakeholders, as well as to whether the value of manual Time Error Correction in the modern world justifies the associated risks to reliability of performing manual Time Error adjustments. Such risks include the potential for human error as frequency schedules are modified, as well as the loss of operational flexibility as frequency is intentionally moved away from ideal and closer to operational limits (e.g., under-frequency load-shedding relay set points). The value provided by manual Time Error Corrections is believed to

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<sup>2</sup> *Petition of the North American Electric Reliability Corporation for Approval of BAL-004-1 Reliability Standard.* Docket No. RM09-13-000 ( March 11, 2009)

<sup>3</sup> Time Error Correction Reliability Standard. 130 FERC ¶ 61,201 (March 18, 2010) (“NOPR”)

<sup>4</sup> *Comments of the North American Electric Reliability Corporation in Response to Notice of Proposed Rulemaking.* Docket No. RM09-13-000 (April 28, 2010)

<sup>5</sup> See NERC’s *Motion to Defer Action.* Docket No. RM09-13-000. (August 20, 2010)

be limited, as various successor technologies have minimized the value of using the embedded 60 Hertz signal of the Bulk Electric System frequency schedule as an elapsed time reference.

#### **IV. STATUS REPORT**

NERC has been working with its stakeholders to consider the potential impacts of modifying or eliminating the use of manual Time Error Correction. NERC's Balancing Authority Reliability-based Controls Standards Drafting Team developed a Field Trial to consider this issue and presented it to the NERC Operating Committee for consideration at the December 7-8 Operating Committee meeting held in Tampa, Florida. NERC staff presented some concerns to the Operating Committee regarding the potential impact such a test could have and urged a conservative approach to implementing the field trial, because the risk of unintended consequences of eliminating manual Time Error Corrections are not fully known. While NERC generally supports the elimination of manual Time Error Correction, NERC also believes that a cautious approach to eliminating this process is essential, as it is difficult if not impossible to determine what assumptions have been made regarding the 60 Hertz signal in the past. Numerous alternative sources and distribution methods exist for the presentation of accurate time-related information, but it is unclear if those alternatives have completely eliminated the utility of an accurate Bulk Electric System time signal. Industrial processes, automation technologies, and institutional use of time information are just some of the areas that might be impacted by the elimination of manual Time Error Corrections. While NERC does not anticipate any problems, NERC also does not believe that an abundance of caution has any negative effects, and therefore believes it to be prudent and appropriate.

The NERC Operating Committee passed a motion directing that the Resources Subcommittee develop a field trial to eliminate manual Time Error Correction. Specifically, the Resources Subcommittee was asked to provide the Operating Committee with the following

deliverables: a full scope document; a proposed start and stop; measurement of success and failure; and coordination with NERC staff regarding the development of a communication package to inform customers and consumers. These deliverables are expected to be provided to the Operating Committee at their March 2011 meeting.

Additionally, NERC has developed the above referenced communication plan, which begins with three webinars and offers several decision points for key leadership to determine the path moving forward. At this time, NERC expects the communication plan to begin shortly following the March 2011 Operating Committee meeting, followed by the beginning of the Field Test. NERC will provide an additional filing on or before August 20, 2011 to provide the Commission with additional information and a description of its plans for moving forward.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 22<sup>nd</sup> day of February, 2011.

*/s/ Holly A. Hawkins* \_\_\_\_\_  
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Reliability Corporation*