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

TIME ERROR CORRECTION)
RELIABILITY STANDARD) **Docket No. RM09-13-000**

MOTION TO FURTHER DEFER ACTION

Gerald W. Cauley
President and Chief Executive Officer
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
1120 G Street N.W., Suite 990
Washington, D.C. 20005-3801
david.cook@nerc.net

Holly A. Hawkins
Assistant General Counsel for Standards and
Critical Infrastructure Protection
North American Electric Reliability
Corporation
1120 G Street, N.W., Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net

August 11, 2011

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. NOTICES AND COMMUNICATIONS	2
III. BACKGROUND	3
IV. MOTION	5
V. CONCLUSION	6

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

TIME ERROR CORRECTION) **Docket No. RM09-13-000**
RELIABILITY STANDARD)

MOTION TO FURTHER DEFER ACTION

I. INTRODUCTION

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“FERC” or “the Commission”) Rules of Practice and Procedure, 18 C.F.R. §385.212, the North American Electric Reliability Corporation (“NERC”)¹ hereby submits this Motion to Further Defer Action regarding NERC’s request to approve the BAL-004-1 Time Error Correction Reliability Standard.² The continuing need to perform Time Error Correction is an issue under review by NERC and its stakeholders. New technologies have supplanted the need for time management via power system frequency, leading to the industry question the justification for continuing Time Error Corrections.

Given recent outcomes during the advance preparation of a planned Field Trial during which suspension of Time Error Corrections would occur, it became clear to NERC that research and analysis regarding Time Error Correction needs to continue prior to moving that Field Trial forward. NERC has postponed its Field Trial (originally planned to commence in mid-July 2010) pending further review. Accordingly, NERC continues to believe that action on NERC’s

¹ The Federal Energy Regulatory Commission (“FERC” or “Commission”) certified NERC as the electric reliability organization (“ERO”) in its Order issued on July 20, 2006 in Docket No. RR06-1-000. *North American Electric Reliability Corporation*, “Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing,” 116 FERC ¶ 61,062 (July 20, 2006).

² *Time Error Correction Reliability Standard*, Comments of the North American Electric Reliability Corporation in Response to Notice of Proposed Rulemaking, Docket No. RM09-13-000 (April 28, 2010).

BAL-004-1 Petition at this time would be premature. To that end, NERC requests that the Commission continue to defer action regarding the BAL-004-1 Time Error Correction standard. NERC's Operation Committee and its subject matter expert team reviewing the Time Error Correction elimination Field Trial preparations are in the process of reviewing the findings to date, including public reaction to the planned trial. NERC will provide an update prior to the end of this year, indicating next steps and plans for moving forward on the potential elimination of Time Error Correction.

II. NOTICES AND COMMUNICATIONS

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

Gerald W. Cauley
President and Chief Executive Officer
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001
David N. Cook*
Senior Vice President and General
Counsel
North American Electric Reliability
Corporation
1120 G Street N.W., Suite 990
Washington, D.C. 20005-3801
david.cook@nerc.net

Holly A. Hawkins*
Assistant General Counsel for Standards
and Critical Infrastructure Protection
North American Electric Reliability
Corporation
1120 G Street, N.W., Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net

*Persons to be included on FERC's official service list. NERC requests waiver of FERC's rules and regulations to permit the inclusion of more than two people on the service list.

III. BACKGROUND

The Commission approved the current Time Error Correction Reliability Standard, BAL-004-0, on March 16, 2007, as part of Order No. 693.³ Approximately two years later, NERC filed a request for Commission approval of a revised version of the BAL-004-1 Reliability Standard.⁴ In response, the Commission issued a Notice of Proposed Rulemaking on March 18, 2010, that proposed to remand the standard and direct NERC to make specific changes to address Commission concerns (“NOPR”).⁵ NERC and several other entities submitted comments to the Commission regarding the NOPR. General support for the Commission’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.

In its comments, NERC noted that its Balancing Authority Controls Standards Drafting Team (BACSDT) was considering whether eliminating Time Error Corrections altogether might be beneficial to reliability. NERC stated the reasons regarding why Time Error Corrections may in fact be obsolete, and recommended the Commission hold a technical conference to discuss Time Error Corrections and their possible elimination.

On August 20, 2010, NERC submitted a Motion to Defer Action on the BAL-004-1 Reliability Standard.⁶ In the motion, NERC noted that ongoing testing and analysis of Time Error Correction may lead to NERC’s withdrawal of the request for the 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

³ *Mandatory Reliability Standards for the Bulk-Power System*, 118 FERC ¶ 61,218, FERC Stats. & Regs. ¶ 31,242 (2007) at PP 382-386 (“Order No. 693”), *order on reh’g, Mandatory Reliability Standards for the Bulk-Power System*, 120 FERC ¶ 61,053 (“Order No. 693-A”) (2007).

⁴ *North American Electric Reliability Corporation*, Petition of the North American Electric Reliability Corporation for Approval of BAL-004-1 Reliability Standard, Docket No. RM06-16-000 (March 11, 2009).

⁵ *Time Error Correction Reliability Standard*, 130 FERC ¶ 61,201, (March 18, 2010).

⁶ *Motion to Defer Action*, Docket No. RM09-13-000 (August 20, 2011)

process. NERC requested the Commission to defer action until August 20, 2011. In the motion, NERC stated that it would submit a status report six months from the date of the motion. In February 22, 2011, NERC filed an informational status report, fulfilling that commitment.⁷

As August 20, 2011 approaches, NERC has made significant progress in developing and moving forward with a Field Trial to determine if Time Error Corrections can be eliminated. However, concerns have been identified in two of the four interconnections related to market rules and monitoring hardware that must be resolved prior to initiating such a Field Trial. The Field Trial, originally scheduled to commence on or around July 15, 2011, has been postponed pending further discussion at the September 2011 meeting of NERC's Operating Committee. At that meeting, discussion will occur regarding the proper approach for moving forward. Options may include testing the possible elimination of Time Error Corrections on a smaller scope, further delay of the testing, closer coordination with NIST and FERC, and other approaches.

NERC has received a number of questions and concerns regarding the impact the Field Test will have on appliances, motors, and other devices. To a large extent, these questions are based on a perception that NERC is going to allow instantaneous frequency performance to become less stringently controlled than is currently required, and that consumers will expect to see frequency deviations of +/- 5 Hertz or more. This is clearly incorrect, and NERC has no intention of relaxing entities' obligations to control frequency. In addition to these concerns, NERC has also received comments from various industries and government agencies. While significant outreach has occurred within the electric industry, given the numerous potential audiences beyond this effort, additional efforts are needed with additional audiences depending upon the outcome of the September meeting.

⁷ *North American Electric Reliability Corporation Status Report Regarding BAL-004-1 Time Error Correction Reliability Standard*, Docket No. RM09-13-000 (February 22, 2011)

NERC believes it is appropriate to continue to move forward cautiously. Accordingly, the above concerns will be discussed at the next meeting of NERC's Operating Committee, and considered when evaluating next steps for the Field Test.

IV. MOTION

In this filing, NERC respectfully requests that the Commission further defer action on NERC's BAL-004-1 filing. As discussed above, NERC originally planned to initiate its Time Error Correction Elimination Field Trial on July 15, 2011, but postponed that effort when two interconnections identified market rule and technology changes that would be needed prior to implementing the Field Trial. NERC and its stakeholders are in the process of researching and analyzing the appropriate next steps. Because Time Error Correction is a process that has broad-reaching effects, NERC believes it is critical that any action taken with regard to the elimination of Time Error Correction be pursued with due care.

NERC anticipates that if elimination of Time Error Correction moves forward, NERC will withdraw its request for approval of the BAL-004-1 Reliability Standard, and ultimately retire the currently approved BAL-004-0 Reliability Standard entirely. Accordingly, taking action that would further entrench this practice within the operation of the bulk power system would be premature and potentially detrimental to bulk power system reliability.

Therefore, NERC requests that the Commission continue to defer action on the BAL-004-1 standard. NERC will provide a status report with any necessary recommendations on or before December 15, 2011.

V. CONCLUSION

NERC respectfully requests that FERC defer action on BAL-004-1 as discussed above, to allow further research and analysis to be performed by NERC.

Respectfully submitted,

/s/ Holly A. Hawkins

Gerald W. Cauley
President and Chief Executive Officer
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001
David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
1120 G Street N.W., Suite 990
Washington, D.C. 20005-3801
david.cook@nerc.net

Holly A. Hawkins
Assistant General Counsel for Standards
and Critical Infrastructure Protection
North American Electric Reliability
Corporation
1120 G Street, N.W., Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net

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 11th day of August, 2011.

/s/ Holly A Hawkins

Holly A. Hawkins

*Attorney for North American Electric
Reliability Corporation*