



**To:** Director of Standards  
North American Electric Reliability Corporation (NERC)

**From:** Standards Review Committee  
ISO/RTO Council

**Subject:** **Level 1 Appeal for Inaction on NERC Project 2009-19: Interpretation of BAL-002-0, R4 for the NWPP**

**Date:** February 17, 2012

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The Standards Review Committee (SRC) of the ISO/RTO Council (IRC) is submitting this Level 1 Appeal for inaction on NERC Project 2009-19: Interpretation of BAL-002-0, R4 for the NWPP Reserve Sharing group in accordance with the NERC Standard Processes Manual<sup>1</sup>.

## **I. Background**

NWPP Reserve Sharing group submitted its Request for Interpretation (RFI) on BAL-002-0, R4 (the RFI) on September 2, 2009. The RFI was accepted by NERC staff and submitted to the NERC Standards Committee (SC) for processing under the then current Reliability Standards Development Process.

Once an RFI is accepted, the process requires NERC staff to assign an Interpretation Drafting Team (IDT). The SRC is unable to find the Roster for that Team. We would have expected that members of NERC's Resources Subcommittee, the drafters of BAL-002, would have been approached to serve on that IDT but that wasn't the case.

The draft Interpretation was posted for a 30-day pre-ballot review on January 15, 2010 and a 10-day industry formal comment period on February 15, 2010. That Interpretation did not obtain the two-thirds approval required for passage, but it did receive "No votes with comments". In this case, the IDT is required to provide responses to the comments. The SRC has not found any record of this step taking place.

While the Standards Committee apparently placed this RFI on hold in October 2010<sup>2</sup>, at some point in this Project, NERC staff determined that NWPP submitted an "invalid" request. NERC apparently advised NWPP to take alternative action, including, request a CAN.<sup>3</sup> NERC

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<sup>1</sup> NERC Standards Processes Manual, January 31, 2012, page 30

<sup>2</sup> See July 13-14, 2011, Standard Committee Materials, *available at*:  
[http://www.nerc.com/docs/standards/sar/Status\\_of\\_Outstanding\\_Interpretations\\_0711.pdf](http://www.nerc.com/docs/standards/sar/Status_of_Outstanding_Interpretations_0711.pdf)

<sup>3</sup> See July 13-14, 2011, Standard Committee materials, *available at*:  
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staff's assessment that RFI was invalid was published nearly one year after the votes/comments were initially submitted on the RFI. The recent *Pacificorp* Settlement Agreement suggests that at some point in this Project, NERC staff also took a position on how to apply BAL-002<sup>4</sup>, but the timing of this is, also, not clear from Standards Process records.

## II. Actual or potential adverse impact to the appellant

The IRC members as registered Balancing Authorities (BAs) are materially impacted by this issue. The BAs are held responsible for responding to disturbances and are held responsible for complying with BAL-002. The lack of response to an approved RFI and the associated, once-balloted Interpretation can materially impact: (i) how BAs control for DCS events, and (ii) how much reserve existing markets potentially will be required to carry.

The SRC is also concerned that without the clarification offered by action on the RFI, some BAs will interpret BAL-002 as requiring response to every DCS event without regard to system status and the impacts of their actions. A BA that has a control error showing that it is overgenerating has a different impact than a BA that is experiencing a control error that shows undergeneration. And, in either case, the SRC believes that transmission security issues are typically of higher priority than recovery of ACE following any disturbance, unless the system frequency poses an adverse reliability impact.

In short, an inappropriate application of the Standard could result in BA system operators being instructed to shed load to address DCS events, even if those DCS events present no adverse impact to thermal, frequency or stability limits. Inappropriate application of the Standard could also result in BAs carrying much larger amounts of reserves without justification and without linkage to impacts to an “adequate level of reliability”.

In summary, these potential consequences highlight the importance of resolving the RFI.

## III. Conclusion

The SRC respectfully requests that Project 2009-19 be given an “immediate/urgent” priority and addressed within 30 days of receiving this Level 1 Appeal. To help resolve this matter as a “Level 1” appeal, the SRC respectfully requests that the Director of Standards address the following, apparent deviations from the Standards Process Manual:

- Did NERC, or the Standards Committee, convene the IDT, after comments were received. What industry and/or NERC personnel made up the IDT?
- What accounted for the Standards Committee placing the RFI on hold (in October

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<sup>4</sup> See *Pacificorp*, Stipulation and Consent Agreement (IN11-6) at P22, n.5 (“Enforcement *and* NERC concluded that BAL-002-0 Requirement R4 applies any time there is a Reportable Disturbance regardless of the number or type of contingencies...”) (emphasis added).

2010) and the delay in processing the RFI prior to the Standards Committee 2011 action to place on hold pending Interpretations?'

- Do the Standards Committee Agendas correctly indicate that NERC considered the RFI an invalid request, and if so, why?

Resolution of this Appeal will also assist NERC with future reports regarding the efficiency of the Standards Development Process. For example, the SRC recently conducted a review of the active Interpretations currently posted on the NERC web page and found that on average it takes 3.2 months from the time that a request is submitted to the time it is approved by industry ballot. However, many of those interpretations remain posted without explanation of why NERC has not moved them forward to the NERC Board of Trustees for approval. In accordance with the Standards Development Process, Interpretations should be developed and processed in a timely manner.

Through this Appeal the IRC expects to:

- Resolve a critical reliability issue (i.e. the clarification of the size and definition of contingency(ies) for which the BA is accountable within the response times).
- Obtain clarity on the generic role of Version 0 standards in how auditors apply those standards
- Obtain answers to the following questions (which appear to be deviations of the NERC Standards Process)
  - Was an official Interpretation Drafting Team formed in accordance with the Process?
  - Why was there no recirculation ballot?
  - Why was this RFI placed on hold for 8 months (Oct 2010)?
  - Why there was no activity for over 1 year (i.e. until May 2011 when the SC placed a hold on all Interpretations)?
  - Why does NERC consider this RFI an invalid request? Who notified the requestor and why?
  - Why are there no records on the above? (N.b. information was derived from items identified on the Standards Committee's Agendas.)

If you have any questions about this matter, please do not hesitate to contact me.

Sincerely,

Albert DiCaprio  
Chairman, ISO RTO Council, SRC

Cc: NERC Standards Committee (SC)  
Maureen Long, Director of Standards Process  
ISO RTO Council Standards Review Committee (SRC)