

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



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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 August 2, 2013 through September 18, 2013. Stakeholders were asked to provide feedback on the standard and associated documents through a special electronic comment form. There were 35 sets of responses, including comments from approximately 100 different people from approximately 66 companies representing 7 of the 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.

Standards Authorization Request (SAR)

A couple of commenters stated that the SDT was going beyond what was allowed within the current SAR. The SDT disagrees with these commenters as it is attempting to bring all of the compliance elements, some of which are presently located in the Additional Compliance section of the standard, into the requirements. The SDT also believes that the current draft of the standard is eliminating ambiguity within the present standard.

NERC Glossary Term "Reportable Balancing Contingency Event"

A few commenters believed that the definition was vague and ambiguous. The SDT agreed with the commenters and modified the definition to provide additional clarity.

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.

A small number of commenters expressed confusion about 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 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

A couple of commenters were concerned that the definition for Contingency Event did not provide for any guidance on how to measure reserves. The SDT does not believe that the definition should contain any reference as to how to measure the reserves, rather the definition should only provide details on *what* may constitute Contingency Reserve. This approach allows entities flexibility to account for entity-specific circumstances.

Some commenters stated that they did not believe that Balancing Contingency Event needed to be defined and disagreed with the statement that the current version of the standard is "broad and could be interpreted in various manners." They also stated that there have not been any reliability issues or events that justify the need for this clarification. The SDT disagrees with their comment and 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.

One commenter felt that there was the possibility for misinterpretation between the use of the terms “event” and “contingency” within the definitions for Balancing Contingency Event and Reportable Balancing Contingency Event. The SDT believes that an event could be composed of several contingencies but a contingency could not be composed of several events.

Applicability Section

A couple of commenters identified an error in the body of the applicability section with the use of the term event. The SDT changed the term “event” to “Event”, which is a defined term included in the Glossary of Terms Used in NERC Reliability Standards so that the term is now shown as “Reportable Balancing Contingency Event” to correct the error.

Some commenters questioned the need for including language that defined when a BA was not participating as a member of a Reserve Sharing Group (RSG). 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.

Effective Date

The SDT modified the effective date language to use the current language provided by NERC legal.

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 since these terms are not in the NERC Glossary of Terms and only defined within the EOP-002 standard. 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. The SDT has also discussed this problem with the NERC SDT that is presently reviewing the EOP standards. They will be evaluating whether or not to include these terms within the NERC Glossary with the BARC SDT’s recommendation that they should be included.

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. 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 there should only be two requirements: 1) a BA must activate sufficient Contingency Reserve to comply with DCS; and, 2) a BA must recover within 105 minutes. The SDT disagreed with the commenters; the SDT believes that the suggested requirements do not cover all situations that could arise and leaves too many gaps which creates ambiguity.

A couple of commenters were confused as to when they would have to use CR Form 1 to document events. The SDT modified Requirement R1 part 1.1 to clearly state that all Reportable Balancing Contingency Events are required to be documented using CR Form 1. The CR Form 1 is mentioned in the requirement and will be attached to the standard, therefore making the use of the form enforceable.

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.

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 that allows a BA to deploy reserves for events other than a Reportable Balancing Contingency Event but does not require this to be done.

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 disagreed with allowing a BA's Contingency Reserve to drop below its MSSC for five hours per quarter. A few other commenters stated that they were unsure as to how to track the five hour exemption. Although the SDT felt that here were times when a BA could legitimately be under its MSSC, the SDT 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, the Contingency Reserve Restoration Period, the Energy Emergency Alert Level 2, or the Energy Emergency Alert Level 3 given that the present standard does not allow for any such exemption.

For clarity, The SDT modified the requirement to clearly state that the Contingency Reserve would be averaged over the Clock Hour to determine compliance.

Measure M2

The SDT added language to the measure for Requirement R2 to identify when data would be excluded from the calculation of Contingency Reserve.

Violation Severity Levels (VSLs)

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

The SDT felt that the VSL for Requirement R2 should not be an "all or nothing" type of VSL. The SDT modified the VSL to allow for differing severity levels of non-compliance. The SDT chose the levels to be consistent with the levels of non-compliance used by the WECC in their currently filed regional BAL-002 standard pending acceptance by FERC.

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.

Reliability Standard Audit Worksheet (RSAW)

The SDT received comments requesting a Reliability Standards Audit Worksheet (RSAW). The SDT will be involved with the drafting of a new RSAW to ensure that the intent of the BAL-002-2 requirements are addressed properly. The SDT will work with the NERC Compliance staff in the development of a RSAW. This will provide a mechanism for the SDT to provide the necessary information for consistency between the standards language and the RSAW compliance tool.

