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May 3, 2007

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *North American Electric Reliability Corporation, Docket No. RR06-1
Quarterly Report of the North American Electric Reliability Corporation
Regarding Analysis of Reliability Standards Voting Results
January – March 2007*

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits to the Commission the Quarterly Report of the North American Electric Reliability Corporation Regarding Analysis of Reliability Standards Voting Results January – March 2007. This quarterly report is called for by Paragraph 18 of the Commission’s January 18, 2007 Order in this Docket and by NERC’s March 19, 2007 compliance filing in response to the Commission’s January 18, 2007 Order.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Owen E. MacBride
Owen E. MacBride

*Attorney for
North American Electric Reliability
Corporation*

Attachment

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

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

Docket No. RR06-1-___

**QUARTERLY REPORT OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
REGARDING
ANALYSIS OF RELIABILITY STANDARDS VOTING RESULTS
JANUARY — MARCH 2007**

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Attachment 1 to Exhibit A

I. INTRODUCTION

On January 18, 2007, the Commission issued an order¹ in this docket acting on a compliance filing by the North American Electric Reliability Corporation (“NERC”) in response to the Commission’s order certifying NERC as the nation’s Electric Reliability Organization (“ERO”) under Section 215 of the Federal Power Act (“FPA”).² The January 18 Order requires NERC to closely monitor the voting results for Reliability Standards and to report to the Commission quarterly for the next three years NERC’s analysis of the voting results, including trends and patterns that may signal a need for improvement in the voting process. In its compliance filing³ in response to the January 18 Order, NERC stated its initial quarterly report to the Commission would cover the first quarter (January 1 – March 31) of 2007 and that NERC will submit subsequent quarterly reports for the next three years. This filing submits the first quarterly report on the analysis of voting results for reliability standards.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following (persons to be included on the Commission’s official service list are indicated by an asterisk):

¹ *Order on Compliance Filing*, 118 FERC ¶ 61,030 (2007) (“January 18 Order”), at P 18.

² *Order Certifying NERC as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

³ *Compliance Filing of the North American Electric Reliability Corporation in Response to January 18, 2007 Order and March 9, 2007 Order*, at p. 7.

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III. BACKGROUND

NERC develops reliability standards in accordance with Section 300 of its Rules of Procedure and the NERC *Reliability Standards Development Procedure*, which is Appendix 3A to the Rules of Procedure.⁴ Under these procedures, in order for an entity or individual to vote on a proposed reliability standard, the individual or entity must join the registered ballot body. The registered ballot body includes all entities or individuals that qualify for one of ten stakeholder segments and have registered with NERC as potential participants in the voting on standards. Each member of the registered ballot body is eligible to participate in the voting process and ballot pool for each standards action. The ten stakeholder segments are:

- Transmission Owners
- Regional Transmission Organizations and Independent System Operators
- Load-Serving Entities
- Transmission Dependent Utilities
- Electric Generators
- Electricity Brokers, Aggregators, and Marketers
- Large Electricity End Users

⁴ Version 6 of the *Reliability Standards Development Procedure* was filed with NERC's March 19, 2007 compliance filing.

- Small Electricity Users
- Federal, State, and Provincial Regulatory or other Government Entities
- Regional Reliability Organizations and Regional Entities

Each standards action has its own ballot pool of interested members of the registered ballot body. The ballot pool is comprised of members of the registered ballot body that respond to a pre-ballot e-mail announcement for that particular standards action. The ballot pool determines, through its vote, first, the need for and technical merits of a proposed standards action; and second, that appropriate consideration was given to views and objections received during the development process. The ballot pool votes to approve or reject each standards action.

The reliability standards development process includes three different types of ballots: an initial ballot, a recirculation ballot, and a re-ballot. If an initial ballot achieves a quorum but includes any negative ballots submitted with comments on the proposed standard, then a recirculation ballot must be conducted. If an initial ballot does not achieve a quorum, then a re-ballot is conducted using the same ballot pool, but with an extended ballot window.

Approval of a reliability standard or of a revision to a reliability standard requires both:

- A quorum, which is established by at least 75% of the members of the ballot pool for the standards action submitting a response with an affirmative vote, a negative vote, or an abstention; and
- A two-thirds majority of the weighted segment votes cast must be affirmative. The number of votes cast is the sum of affirmative and negative votes, excluding abstentions and non-responses.

The following process is used to determine if there are sufficient affirmative votes.

- The number of affirmative votes cast in each segment is divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each segment. Abstentions and non-responses are not counted for the purposes of determining the fractional affirmative vote for a segment.

- If there are less than ten entities that vote in a segment, the vote weight of that segment is proportionally reduced. Each voter within that segment voting affirmative or negative receives a weight of 10% of the segment vote. For segments with ten or more voters, the regular voting procedures are followed.
- The sum of the fractional affirmative votes from all segments divided by the number of segments voting⁵ is used to determine if a two-thirds majority affirmative vote has been achieved. (A segment is considered as “voting” if any member of the segment in the ballot pool casts either an affirmative or a negative vote.)
- A standard is approved if the sum of fractional affirmative votes from all segments divided by the number of voting segments is greater than two thirds.

IV. SUMMARY OF BALLOTS DISCUSSED IN THIS REPORT

NERC conducted 28 distinct ballots from January – March 2007, each undertaken using the *Reliability Standards Development Procedure*. These 28 ballots can be grouped into 7 distinct groups of ballot events as follows:

- Version 0 Violation Risk Factors – Nine (9) Recirculation Ballots
- Version 1 Violation Risk Factors – Seven (7) Initial and seven (7) Recirculation Ballots
- *Reliability Standards Development Procedure* — Version 7 – Initial Ballot
- Balancing Resources and Demand (BAL-007 – BAL-011) – Initial Ballot
- Interpretation of BAL-005 – Automatic Generation Control – Requirement R17 – Initial Ballot
- Nuclear Power Interface Coordination – Initial Ballot
- Urgent Action Request – Coordinate Interchange – Initial Ballot

For each ballot event the required quorum, that is, greater than 75% of the ballot pool created for the standards action, voted.

- The Version 0 and Version 1 Violation Risk Factor ballots passed with over two-thirds of the weighted-segment average voting in the affirmative. These Violation

⁵ When less than ten entities vote in a segment, the total weight for that segment is determined as one tenth per entity voting.

Risk Factors were then approved by the NERC Board of Trustees at its February 2007 meeting and March 2007 conference call, respectively. Subsequently, NERC filed these Violation Risk Factors with the Commission for approval.⁶

- The ballot for the Urgent Action Request for changes to the Coordinate Interchange Reliability Standards received an extremely high affirmative vote in its initial ballot without any comments associated with a negative vote. Therefore, this ballot passed, as no recirculation ballot is necessary under these circumstances. This updated standard will be presented to the NERC Board of Trustees at its May 2007 meeting for adoption and approval to file with the Commission.
- The initial ballot of the *Reliability Standards Development Procedure – Version 7* failed by a considerable margin and no recirculation ballot was conducted. NERC incorporated subsequent changes into Section 300 of its Rules of Procedure to be responsive to the Commission's directives for standards development under a regulatory-imposed deadline.

The second of the two changes proposed in Version 7 of the *Reliability Standards Development Procedure* pertained to the development of Violation Risk Factors apart from the existing standards development process. The ballot pool overwhelmingly voted against this proposal, which served as the primary basis for the low approval percentage. As a result, NERC addressed this issue in its request for clarification, or in the alternative, for rehearing of the January 18 Order.⁷

- The initial ballots for the Nuclear Power Interface Coordination Reliability Standard and the Interpretation to BAL-005 received sufficient affirmative votes for passage. However, comments were provided with negative votes. The drafting team was obligated to review and respond to each of these comments before the recirculation ballot was conducted in late April 2007.
- The initial ballot for the Balancing Resources and Demand Reliability Standards BAL-007 – BAL-011 did not receive the two-thirds affirmative segment-weighted vote required for passage (although it did receive a majority affirmative vote). The drafting team was obligated to address and respond to the negative comments submitted in the initial ballot, with the objective of obtaining the additional affirmative votes needed for passage. This recirculation ballot also took place in April 2007.

⁶ *Request of the North American Electric Reliability Corporation for Approval of Violation Risk Factors for Version 1 Reliability Standards*, Docket No. RR07-10, filed March 23, 2007.

⁷ *Request of the North American Electric Reliability Corporation for Clarification, or in the Alternative, for Rehearing, of Order on Compliance Filing*, Docket No. RR06-1, filed February 20, 2007, at pp. 14-16.

The discussion of the detailed ballot results for each ballot event in the first quarter 2007 is contained in **Exhibit A** to this filing.

Respectfully submitted,

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EXHIBIT A:

Analysis of 1st Quarter 2007 Reliability Standard Balloting Results

Introduction

On January 18, 2007, the Commission issued its *Order on Compliance Filing* (“January 18 Order”), acting on a compliance filing by the North American Electric Reliability Corporation (“NERC”) in response to the Commission’s Order certifying NERC as the nation’s Electric Reliability Organization (“ERO”) under Section 215 of the Federal Power Act. The January 18 Order requires NERC to closely monitor the voting results for reliability standards and to report to the Commission quarterly for the next three years NERC’s analysis of the voting results, including trends and patterns that may signal a need for improvement in the voting process. In its compliance filing in response to the January 18 Order, NERC stated it will file its initial quarterly report with the Commission for the first quarter of 2007 and will submit subsequent quarterly filings for the next three years.

Background

The NERC Reliability Standards development process is administered by action of the NERC Standards Committee. The Standards Committee officially approves the scope and purpose of standards authorization requests, appoints standards drafting teams to develop standards, authorizes field tests of proposed standards when necessary (used to “test drive” the requirements or compliance measures), and approves the proposed standards for ballot. The goal of the Reliability Standard development process is to gain industry consensus on the need and technical sufficiency of proposed standards. Consensus is primarily established through various formal industry comment periods designed to obtain stakeholder input on the proposed standards.

The members of the registered ballot body, comprising entities or individuals registered in one of ten stakeholder segments, must specifically request to be included in the ballot pool for a standards ballot event. Any entity or interested individual may become a member of the registered ballot body, but only the ballot pool members are allowed to vote on the proposed standards once the balloting begins. If the ballot pool approves a proposed standard as described below, the standard is presented to the NERC Board of Trustees for its approval and subsequent filing with the Commission and regulatory authorities in Canada.

The NERC *Reliability Standards Development Procedure* provides for three different types of ballots - an initial ballot, a recirculation ballot, and a re-ballot. To “pass”, a ballot must achieve a quorum (at least 75% of the members of the ballot pool must return a ballot) **and** must receive an affirmative vote that is at least two-thirds of the weighted segment average of all ballots returned with a vote.

- If a ballot achieves a quorum but includes any negative ballots submitted with comments, then a re-circulation ballot must be conducted.
- If a ballot does not achieve a quorum, then a re-ballot is conducted using the same ballot pool, but with an extended ballot window.

There were 28 ballots conducted during the first quarter of 2007, as shown in the table below; 12 were initial ballots and 16 were recirculation ballots. Some of the ballots were related. The ballots are discussed below as seven distinct groups of “ballot events.”

Ballot Event #	Ballot Name	Initial Ballot Dates	Recirculation Ballot Dates	Ballot Pool Size	Total # of Votes	Quorum	Weighted Segment Approval
1	V0 Risk Factors- Emergency Operations		Feb 2-11, 2007	278	245	88.13 %	72.70 %
1	V0 Risk Factors- Communications and Facilities		Feb 2-11, 2007	277	242	87.36 %	78.97 %
1	V0 Risk Factors- Balance and Interchange		Feb 2-11, 2007	277	245	88.45 %	77.81 %
1	V0 Risk Factors- Transmission Planning		Feb 2-11, 2007	278	245	88.13 %	76.61 %
1	V0 Risk Factors- Modeling		Feb 2-11, 2007	276	244	88.41 %	87.70 %
1	V0 Risk Factors- Personnel		Feb 2-11, 2007	278	243	87.41 %	70.13 %
1	V0 Risk Factors- Protection and Control		Feb 2-11, 2007	276	241	87.32 %	75.14 %
1	V0 Risk Factors- Transmission Operations and Voltage Control		Feb 2-11, 2007	278	244	87.77 %	82.34 %
1	V0 Risk Factors- Interconnection Reliability Operations		Feb 2-11, 2007	277	243	87.73 %	80.44%
2	V1 Risk Factors – Critical Infrastructure Protection	Feb 14-23, 2007		192	153	79.69 %	90.06 %
			Feb 28 – Mar 9, 2007	192	160	83.33 %	89.20 %
2	V1 Risk Factors – Balancing and Interchange	Feb 14-23, 2007		188	149	79.26 %	94.10 %
			Feb 28 – Mar 9, 2007	188	157	83.51 %	94.04 %
2	V1 Risk Factors - Interconnection Reliability Operations	Feb 14-23, 2007		188	148	78.72 %	85.45 %
			Feb 28 – Mar 9, 2007	188	155	82.45 %	85.38 %
2	V1 Risk Factors – Modeling	Feb 14-23, 2007		184	148	80.43 %	90.09 %
			Feb 28 – Mar 9, 2007	184	155	84.24 %	90.45 %
2	V1 Risk Factors – Protection and Control	Feb 14-23, 2007		183	149	81.42 %	92.53 %
			Feb 28 – Mar 9, 2007	183	155	84.70 %	92.53 %
2	V1 Risk Factors - Emergency	Feb 14-23, 2007		186	149	80.11 %	85.75 %

Ballot Event #	Ballot Name	Initial Ballot Dates	Recirculation Ballot Dates	Ballot Pool Size	Total # of Votes	Quorum	Weighted Segment Approval
	Operations, Voltage Control and Transmission		Feb 28 – Mar 9, 2007	186	155	83.33 %	85.91 %
2	V1 Risk Factors - Facility Ratings	Feb 14-23, 2007		186	153	82.26 %	88.29 %
			Feb 28 – Mar 9, 2007	186	159	85.48 %	88.59 %
3	Reliability Standards Development Procedure, V7	Feb 26 – Mar 2, 2007		181	148	81.77 %	28.31 %
4	Balancing Resources and Demand (BAL-007 – BAL-011)	Mar 19-30, 2007		223	187	83.86 %	64.60 %
5	Interpretation of BAL-005 R17	Mar 19-30, 2007		235	198	84.26%	97.10%
6	Nuclear Power Interface Coordination	Mar 19-30, 2007		183	164	89.62%	77.10%
7	Urgent Action SAR - Coordinate Interchange	Mar 19-30, 2007		208	180	86.54 %	96.82 %

Discussion of First Quarter 2007 Ballot Events

1. **The first ballot event in the first quarter of 2007** consisted of nine recirculation ballots for Version 0 Violation Risk Factors (the initial ballot was conducted in 2006).

Violation Risk Factors describe the potential reliability significance of violating each requirement of a reliability standard, designated as a High, Medium, or Lower risk factor. Because the concept of Violation Risk Factors was not included in the original reliability standards development process, a drafting team was appointed to develop Violation Risk Factors for all of the standards that had been approved by their respective ballot pools. Violation Risk Factors are one component used by compliance personnel in determining the size of a sanction or penalty associated with violation of a requirement.

Version 0 Violation Risk Factors were initially balloted from October 6-16, 2006 in a single ballot along with Version 1 Violation Risk Factors. The single ballot achieved a quorum of 89.58% and an affirmative vote of 54.17%, insufficient for approval. The comments submitted with the negative ballots indicated a need to separate Version 0 Violation Risk Factors from Version 1 Violation Risk Factors; to ballot the Violation Risk Factors in small groups; and to post the Version 1 Violation Risk Factors for another round of stakeholder input before the Version 1 Violation Risk Factors would be ready to ballot.

- No technical changes were made to any of the Version 0 Violation Risk Factors, but these were subdivided into nine separate ballots, with each ballot including a set of Violation Risk Factors addressing requirements in a set of related standards. The new sets of Version 0 Violation Risk Factors were posted for a 30-day pre-ballot review and then underwent an initial ballot from December 4-15, 2006.
 - Each of the nine Version 0 ballots achieved a quorum and most, but not all, achieved at least a 2/3 weighted affirmative vote. Although there were negative ballots submitted with comments recommending a change to one or more of the Violation Risk Factors, there were not enough negative comments submitted to support changing any of the Violation Risk Factors.
 - The Version 0 Violation Risk Factors proceeded to a recirculation ballot from February 2-11, 2007 where they were all approved by their respective ballot pools.
2. **The second ballot event in the first quarter of 2007** consisted of seven initial ballots and seven recirculation ballots for Version 1 Violation Risk Factors. Version 1 Violation Risk Factors were initially included with Version 0 Violation Risk Factors in a single ballot from October 6-16, 2006. The comments submitted with the negative ballots indicated a need to separate the Version 1 Violation Risk Factors from the Version 0 Violation Risk Factors; to ballot the Violation Risk Factors in small groups; and to post the Version 1 Violation Risk Factors to another round of stakeholder input before the Version 1 Violation Risk Factors would be ready to ballot.
 - Following the initial ballot (October 6-16, 2006), the Version 1 Violation Risk Factors were posted for a second comment period, and several changes were made to the Violation Risk Factors, based on stakeholder input. (See **Attachment 1.**)

- With the initial posting of the Version 0 Violation Risk Factors, the drafting team proposed a set of Violation Risk Factors and asked stakeholders to identify any risk factors that needed adjustment. With the initial posting of the Version 1 Violation Risk Factors, the drafting team posted the set of requirements and a blank field for the addition of Violation Risk Factors. With the Version 1 Violation Risk Factors, the drafting team did not propose any Violation Risk Factors – they allowed stakeholders to recommend a risk factor for each requirement, using a set of criteria for establishing either a “High”, “Medium”, or “Lower” Violation Risk Factor. Despite the set of criteria for establishing appropriate Violation Risk Factors, many stakeholders appeared to have recommended a risk factor based on “importance” rather than “impact to reliability.” With the second posting of the Version 1 Violation Risk Factors, stakeholders adjusted the ratings so that they do appear to reflect “impact to reliability” rather than “importance.”
 - Following the second comment period, the Version 1 Violation Risk Factors were subdivided into seven separate ballots, with each ballot including a set of Violation Risk Factors addressing requirements in a set of related standards. Although there were negative ballots submitted with comments recommending a change to one or more of the Violation Risk Factors, there were not enough negative comments submitted to support changing any of the Violation Risk Factors. The Version 1 Violation Risk Factors proceeded to recirculation ballots where all were approved by their respective ballot pools.
3. **The third ballot event in the first quarter of 2007** was an initial ballot for Version 7 of the *Reliability Standards Development Procedure*.

The *Reliability Standards Development Procedure* contains the procedures that govern the processes used to develop NERC’s reliability standards. The modifications made in Version 7 were limited to those modifications that NERC believed were necessary to conform to directives in the Commission’s January 18 Order. The proposed modifications included two changes to the reliability standards development process:

- Remove Violation Risk Factors from the standards development procedure;
- Include a description of urgent actions directed by FERC or applicable ERO governmental authorities in Canada.

There were 55 comments submitted with negative ballots. Some balloters indicated more than one reason for their negative ballot. Most commenters indicated they want development and approval of Violation Risk Factors to remain within the standards development procedure, while some indicated they were opposed to changes to the urgent action process. Other balloters indicated a concern that the proposed modifications were not reviewed with Canadian regulatory authorities.

The ballot achieved a quorum but received such a low affirmative vote (less than 30%) that no recirculation ballot was conducted. The overwhelming failure of this proposal, along with

other considerations, led NERC to file a request for clarification, or in the alternative, for rehearing of this provision of the January 18 Order to allow Violation Risk Factors to be developed through the standards development process.

4. **The fourth ballot event in the first quarter of 2007** was an initial ballot for the set of Balance Resources and Demand standards.

The proposed set of new Balance Resources and Demand (BAL-007 through BAL-011) standards require entities to maintain interconnection scheduled frequency within a predefined frequency profile under all conditions (i.e., normal and abnormal), to prevent unwarranted load shedding and to prevent frequency-related cascading collapse of the interconnected grid.

The ballot achieved a quorum but received only a 65% affirmative vote, just short of the two-thirds affirmative vote required for approval. There were 35 negative ballots submitted with comments. The comments submitted with the negative ballots cited a variety of process-related as well as technical reasons for the negative ballots, and the drafting team is addressing those issues. These included:

- Not all regions participated in the field test.
- The proposed standards would lead to an increase in violations of interconnected reliability operating limits.
- The new standards would result in “dragging” on the system.
- “Time horizons” should not be included in the standards since the latest approved version 6 of the *Reliability Standards Development Procedure* does not include a discussion of time horizons.
- Assigning a requirement to NERC would lead to a standard that is not enforceable.
- The field test had led to an increase in the number of transmission loading relief activations.

Sixteen balancing areas and eight reliability coordinators from the Southwest Power Pool, ReliabilityFirst, Midwest Reliability Organization, Electric Reliability Council of Texas, and the SERC Reliability Corporation participated in the field test. These participants included PJM, Southern Company, Tennessee Valley Authority, the Michigan Electric Coordinated Systems, Cinergy and Entergy. Every field test participant voted to approve the proposed standards.

The Balance Resources and Demand standards were initially balloted from October 6-16, 2006. The initial ballot achieved a quorum but only received a 62.26% weighted approval. The comments submitted with the negative ballots cited a variety of reasons, but the most

prevalent reason for the negative ballots was a proposal in the associated implementation plan that proposed the retirement of BAL-002-0 — Disturbance Control Performance. Stakeholders indicated a preference for retaining BAL-002-0. Following the initial ballot, the drafting team modified its implementation plan to remove the proposed retirement of BAL-002-0, and posted the revised implementation plan for a 30-day comment period before proceeding to a new initial ballot. The drafting team did not make any technical changes to the standards between the initial ballot conducted in October, 2006 and the initial ballot conducted in March, 2007. The drafting team does not intend to modify the technical content of the standards based on the comments submitted with the negative ballots, and proceeded with a recirculation ballot in April 2007, in which the drafting team hopes to achieve sufficient affirmative ballots to approve this set of standards.

5. **The fifth ballot event in the first quarter of 2007** was an initial ballot for an Interpretation of BAL-005 Requirement 17.

The interpretation clarifies that the Balancing Authority is required to check and calibrate its control room time error and frequency devices against a common reference at least annually, but the requirement to “annually check and calibrate” does not address any devices outside of the operations control room.

This ballot achieved a quorum and a high affirmative vote. There were only 3 negative ballots submitted with comments:

- The process of appending an interpretation to a standard once approved should not be used.
- The intent of the original standard had been to require calibration of all devices used for input to the area control error equation.
- The interpretation should have required that a subset of devices listed in the table be clearly identified as requiring annual calibration.

Because there were some negative ballots submitted with a comment, a recirculation ballot will be conducted in the second quarter of 2007.

6. **The sixth ballot event in the first quarter of 2007** was an initial ballot for the Nuclear Power Interface Coordination standard.

The Nuclear Plant Interface Coordination standard requires coordination between nuclear plant generator operators and transmission entities to ensure safe operation and shutdown of nuclear plants. The ballot for this standard also includes the Nuclear Plant Interface Coordination Implementation Plan.

This ballot achieved a quorum and a high affirmative vote. There were negative ballots submitted with comments. These comments focused on two main themes:

- The standard should include clarification that system operating limits must be respected.
- The standard does not have sufficient clarity to be enforceable with respect to the use of the phrase “transmission entities” and to the use of “may” in a footnote.

Because there were some negative ballots submitted with a comment, the drafting team will consider these comments before the recirculation ballot is conducted in the second quarter of 2007.

7. **The seventh ballot event in the first quarter of 2007** was an initial ballot for the urgent action standards authorization request (“SAR”) to modify the timing tables in three of the Coordinate Interchange Standards.

This urgent action SAR corrects an error in the timing table that appears in three approved standards (INT-005-1, INT-006-1 and INT-008-1) to give reliability entities within WECC enough time to conduct a reliability-related review of e-tags.

This ballot achieved a quorum and a high affirmative vote and did not receive any negative ballots with comments. Because there were no negative votes submitted with comments, this urgent action SAR has passed and no recirculation ballot is required.



ATTACHMENT 1

Summary of Changes Made to Version 1 Violation Risk Factors between the Initial Ballot Conducted in October, 2006 and the Initial Ballots Conducted in February, 2007

Based on the stakeholder comments received in the comment period following the initial Version 1 Violation Risk Factor (“VRF”) ballot in October, 2006, the following list summarizes the changes in the Violation Risk Factor level selected for each grouping of Version 1 standards included in the ballots. The comments offered and the resulting changes outlined below address the issues of Violation Risk Factors as an indicator of “risk” versus “importance” of the requirements, and the feedback from the stakeholders that the individual Violation Risk Factors were generally rated too high.

V1 Violation Risk Factors - Critical Infrastructure Protection

- VRF changed from Medium to Lower – 22
- Unchanged VRFs – 140

V1 Violation Risk Factors - Balancing and Interchange

- VRF changed from Medium to Lower – 7
- VRF changed from Lower to Medium – 3
- Unchanged VRFs – 40

V1 Violation Risk Factors - Interconnection Reliability Operations

- VRF changed from Medium to Lower – 10
- VRF changed from Higher to Medium – 6
- Unchanged VRFs – 13

V1 Violation Risk Factors - Modeling

- VRF changed from Medium to Lower – 16
- Unchanged VRFs – 20

V1 Violation Risk Factors - Protection and Control

- VRF changed from Medium to Lower – 1
- Unchanged VRFs – 68

V1 Violation Risk Factors - Emergency Operations, Voltage Control and Transmission

- VRF changed from High to Medium – 2
- Unchanged VRFs – 42

V1 Violation Risk Factors - Facility Ratings

- VRF changed from Medium to Lower – 22
- Unchanged VRFs – 82

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 Chicago, Illinois this 3rd day of May, 2007.

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Submission Contents

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