

Legend:

- Items highlighted in yellow are commentary that will not remain a part of the SAR.
- Items scored out identify deletions from the SAR.
- Items highlighted in blue are additions to the SAR.
- Items highlighted in green reflect that a question exists in the SAR Comment Form, seeking your input.

Standard Authorization Request Form

Name of Proposed Standard	Certification of the Balancing Authority Function
Request Date	October 7, 2002
Authorized for Posting	November 20, 2002
SAR ID#	BA_CERTIFICATION_01_02

SAR Requestor Information		SAR Type	
Name	Organization Certification Task Force	<input checked="" type="checkbox"/>	1. New Standard
Primary Contact	Gerry Burrows	<input type="checkbox"/>	2. Revision to existing Standard or
Telephone	816-654-1183	<input type="checkbox"/>	3. Withdrawal of existing Standard
e-mail	gerry.burrows@kcpl.com	<input type="checkbox"/>	4. Urgent Action

Purpose/Industry Need of Standard

To ensure that each entity that wants to be recognized as a Balancing Authority has the capability of performing the responsibilities assigned to the Balancing Authority function.

Brief Description of New Standard or Revision to Existing Standard

Each entity that wants to be recognized as a Balancing Authority shall demonstrate that it has the processes, procedures, tools and agreements in place to demonstrate that it has the capability of performing the responsibilities assigned to the Balancing Authority Function.

Detailed Description of New Standard or Revision to Existing Standard

Summary

The primary steps in the Balancing Authority Certification Process, and the entity responsible for each step, are as follows:

- Initiation of Process – Entity seeking certification (the “Applicant”)
- Provision of criteria, process, documentation, etc. – Region
- Formation of Certification Review Team – Region
- Data collection – Region
- Data review – Region (Review Team)
- Site visit – Region (Review Team)
- Recommendation – Region (Review Team)
- Certification and Authority to operate – Region
- Notification of authority to operate – NERC

Balancing Authority Certification Process

1. An entity seeking certification as a Balancing Authority (the “Applicant”) will initiate the certification process by making a formal request to the Regional Manager in the Region where the Applicant plans to operate a Balancing area. An Applicant that intends to operate a single Balancing area in multiple Regions shall notify all of the Regions of the request. A copy of the request will also be sent to the NERC Director-Compliance.
2. The NERC Region in which the Applicant plans to operate will be responsible for conducting the formal review process and awarding certification. ~~In the case of an application to multiple regions for operating a single Balancing area, the Regions shall choose a lead Region that will be responsible for coordinating the formal review process and awarding certification.~~ In situations where a BA crosses Regional boundaries, all affected Regions shall participate in the certification process and have an equal vote in the final review team decision, but one Region shall be identified to coordinate the entire process. The Region identified as the lead Region shall ensure that all Regional differences identified in the standard associated with affected Regions will be satisfied in the process. The lead Region will be responsible for coordinating the formal review process and awarding certification.

Most of the comments received indicate that the Region should perform all certifications, using the standard NERC certification process and criteria. In situations where a BA crosses Regional boundaries, all affected Regions shall participate in the certification process and have an equal vote in the final review team decision, but one Region shall be identified to coordinate the entire process. The Region identified as the lead Region shall ensure that all Regional differences identified in the standard (associated with affected Regions) will be satisfied in the process. The lead Region will be responsible for coordinating the formal review process and awarding certification.

Please respond to the question #2 posed in the comment form regarding this issue.

3. A timeline, including specific milestones, shall be agreed to by the Applicant and the Regional Council. The NERC Balancing Authority Certification Procedure and certification recommendation is expected to be completed within nine months of the date that the initial request was received by the Regional Manager.
4. The Region will notify all appropriate parties and provide each with the necessary information regarding the Balancing Authority's request for certification, the certification process, and the duties expected from each entity.
5. The Applicant must register in the NERC Master Registry. Registration stays on hold until certification is granted.
6. NERC/Regional Staff will begin the process of making any necessary modeling/software changes for the IDC. The Applicant and Region will supply necessary modeling information. ~~and the revised model will be placed on hold until final certification is obtained.~~

Please respond to question #3 in the comment form.

7. The Region will provide questionnaires and related documents that will be used by all entities involved in the certification process. These questionnaires and related documents will be used to address the Applicant's capabilities and actions as they relate to established Balancing Authority requirements. The following list of entities will be recipients of the questionnaires and related documents as each is a source of certification information and data:
 - Applicant (i.e. entity seeking Balancing Authority certification)
 - Its Reliability Authority and Interchange Authority(ies)
 - Generators and Load Serving Entities within the Applicant's Balancing Area
 - Balancing Authorities adjacent to the applicant
8. The Region will provide its expectations and standards regarding confidentiality and retention of all data reporting, completed questionnaires and forms, reports and recommendations associated with the documentation it provides and receives.
9. The Region will assemble a Certification Review Team charged with the responsibility of determining if the Applicant meets NERC's Balancing Authority Criteria. The Region and the Applicant will agree on the Review Team members before the commencement of the review process. The Review Team will subject themselves to confidentiality agreements for any data or information that is made available to them through the certification review process.
10. The Review Team will consist of a minimum of three individuals. ~~The selected individuals will represent selected from~~ at least three ~~of the~~ of the categories listed below:

Please respond to question #4 in the comment form.

- Interchange Authority
- Balancing Authority
- Reliability Authority
- Transmission Operator
- Regional Compliance Committee member
- Regional Operating Committee member
- Representative from NERC Staff

- Representative from another NERC Region
- Representative from an RTO, when applicable

Review processes that involve an entity that is performing a function across Regional boundaries shall have a review team that consists of at least one member from each of the affected Regions. Remaining review team members must represent at least two of the remaining categories.

Please respond to question #5 in the comment form.

Industry consensus could not be determined from the input received in the previous posting with regards to the inclusion of a NERC representative on all review teams. The SAR DT is assuming that a NERC representative can be a member of the review team, but is not a mandatory team member. Additional industry input is needed.

Please respond to question #6 in the comment form.

Based on the comments received, the SAR DT will seek industry input into the additions of a Generator, LSE, and Regional staff representation to the review teams.

Please respond to questions #7, #8, & #9 in the comment form.

It is also understood that other industry representatives could be additional members of the review team, but would also be subject to the agreement of the Applicant and the Region.

Please respond to question #10 in the comment form.

In the alternative, the Region may elect, with applicant agreement, to engage a completely independent review team.

11. The Review Team will report its initial findings to the Applicant and to the Region based on the information obtained through the initial application and questionnaires. The review Team will request any additional information before making an on-site visit.
12. The Review Team will conduct at least one on-site visit to the Applicant's control center facility. During the visit, the Review Team will:
 - Review with the Applicant the data collected through the questionnaires,
 - Interview the Applicant's operations and management personnel,
 - Inspect the Applicant's facilities and equipment, and
 - Review all necessary documents and data.
13. The Review Team will identify any deficiencies (to both the Applicant and to the Region) that must be resolved prior to the review team making their final recommendation. The Review Team will review any follow-up work required by the Applicant until a certification recommendation is made.
14. The Review Team will formulate a certification recommendation based on: data collected and validated from the questionnaires; and from observations and information collected during an on-site visit to the Applicant's facility. The Review Team will support its recommendation through the production of an evaluation review template and a formal report.
15. The certification recommendation from the Review Team will be presented to the appropriate Regional committee(s). The certification recommendation is made by the review team and then approved by the Region.

Please respond to question #11 in the comment form.

16. The Region will notify the Applicant and NERC of its certification decision. The Region may

grant or deny the Applicant's certification as a Balancing Authority. As an alternative, the Region may, at its discretion, grant 'pending certification' to the applicant. The pending certification shall be granted for a period of time not longer than 180 days. Pending certification, does not grant operation as a Balancing Authority. If the Applicant fails to meet the conditions set by the Region, within the granted timeframe, the Applicant's certification will be deemed to be the same as denied. If the Applicant meets the conditions set by the Region, within the granted timeframe, the Region must respond to the Applicant's notification of completion of requirements within 30 days.

17. After the Region has approved the Applicant as a Balancing Authority, NERC Staff will notify all of the necessary entities as to the date that the Applicant may begin its Balancing Authority operation. Balancing Authority operation shall not begin before the agreed upon date.

Issues were raised from comments received recommending the addition of a maximum time limit for an entity beginning operation after being granted certification. The time limit would require that an entity begin operation within a specific time or be subject to re-certifying prior to the commencement of operation.

Please respond to question #12 in the comment form.

18. If the Region denies certification, it shall provide the Applicant with a written report containing specific reasons for the denial. If the Applicant disagrees with the Region's decision, it can initiate the Regional ADR process within 60 days of the date of the written denial. If the Applicant fails to initiate the ADR process within the 60-day time limit as identified in the previous step, it may reapply for certification after 90 days from the date of written denial.

Balancing Authority Certification Criteria

Introduction

These Criteria establish the requirements for certification as a NERC Balancing Authority. They are based on NERC Reliability Standards, NERC Operating Policies and Planning Standards, and the NERC Functional Model.

Definition of the Balancing Authority Function

Integrates resource plans ahead of time, and maintains load-interchange-generation balance within its metered boundary and supports system frequency in real-time.

Certification Criteria

1. **Confirmation by Regional Council.** To be recognized as a NERC-Certified Balancing Authority, the entity must be reviewed and confirmed by the Regional Council(s) in which the entity operates.
2. **Agreements.** Agreements¹ must be in place defining the responsibilities and authority of the Balancing Authority with respect to the Reliability Authority, Interchange Authorities,

¹ An agreement is defined as a contract or other document delineating an arrangement that expresses assent by two or more parties to the same object. This arrangement determines a course of action to be followed by all parties involved in the situation. The key components of the agreement must identify the ability, intent, and authority of the parties. The requirement for these agreements can be satisfied in a variety of ways, including but not limited to: contracts, designation of authority documents, policies, procedures.

Transmission Operators, Transmission Service Provider and all other applicable functional entities within its Balancing Area. Agreements shall address both normal and emergency operations.

3. Personnel

3.1. Must have NERC-certified system operators performing the Balancing Authority responsibilities 24 hours a day, 7 days a week.

4. Organization

~~4.1. Documentation identifying that the organization has signed the NERC Confidentiality Agreement.~~

~~4.2. Documentation identifying that the Balancing Authority personnel are aware of their obligations and responsibilities under the NERC Confidentiality Agreement.~~

~~4.3. Documentation identifying the code of conduct for personnel performing the Balancing Authority responsibilities.~~

~~4.4. Documentation identifying that the Balancing Authority personnel are aware of their obligations and responsibilities under the code of conduct.~~

Please respond to questions #20 & #21 in the comment form.

5. Data Acquisition and System Analysis

5.1. Procedure and tools in place to ensure resources/demand balance in compliance to NERC Standards.

Please respond to question #22 in the comment form.

5.2. Procedure and tools in place for providing frequency control.

Please respond to question #23 in the comment form.

5.3. Procedure in place describing the interchange schedule implementation process.

5.4. The organization must have the ability to monitor and control its metered boundary with regards to data such as:

5.4.1. ACE

5.4.2. Interchange

5.4.3. Frequency

5.5. Process/procedure in place for obtaining generation commitment information and load forecast.

5.6. Process/procedure in place to provide day-ahead hourly dispatch pattern to the Reliability Authority.

5.7. Process/procedure and tools in place identifying the analysis and approval process for interchange transactions into and out of the balancing area with respect to the ramping requirements of generation.

5.8. Process/procedure in place for data acquisition to ensure resources/demand balance in compliance to NERC Standards.

5.9. Process/procedure in place for data acquisition and performance of analyses with regards to contingency reserves, load-following, frequency response, and other applicable Balancing Authority Interconnected Operating Services.

5.10. Process/procedure in place for calculating and reporting performance of NERC Standards for CPS and DCS.

Please respond to question #24 in the comment form.

5.11. Process/procedure in place for providing data for all required NERC and Regional surveys.

5.12. Process/procedure to perform energy accounting for inadvertent accumulations.

6. Emergency Operations

6.1. Process/procedure in place that defines the responsibilities and actions of the Balancing Authority with regards to emergency operations.

6.2. Plan in place that ensures continued operation during abnormal and emergency conditions due to the loss of facilities.

Please respond to question #25 in the comment form.

Reliability Functions

The Standard will Apply to the Following Functions (Check all that apply)		
<input type="checkbox"/>	Reliability Authority	Ensures the reliability of the bulk transmission system within its Reliability Authority Area. This is the highest reliability authority.
<input checked="" type="checkbox"/>	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
<input type="checkbox"/>	Interchange Authority	Authorizes valid and balanced Interchange Schedules
<input type="checkbox"/>	Planning Authority	Plans the bulk electric system
<input type="checkbox"/>	Transmission Service Provider	Provides transmission services to qualified market participants under applicable transmission service agreements
<input type="checkbox"/>	Transmission Owner	Owens transmission facilities
<input type="checkbox"/>	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
<input type="checkbox"/>	Distribution Provider	Provides and operates the "wires" between the transmission system and the customer
<input type="checkbox"/>	Generator	Owens and operates generation unit(s) or runs a market for generation products that performs the functions of supplying energy and Interconnected Operations Services
<input type="checkbox"/>	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity and all necessary Interconnected Operations Services as required.

SAR: Certification of the Balancing Authority Function

<input type="checkbox"/>	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user
--------------------------	---------------------	---

Reliability and Market Interface Principles

Applicable Reliability and Market Interface Principles (check all that apply)	
1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.	<input checked="" type="checkbox"/>
2. The frequency of interconnected bulk electric systems shall be controlled within defined limits through the balancing of electric supply and demand	<input checked="" type="checkbox"/>
3. Information necessary for planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably	<input checked="" type="checkbox"/>
4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained and implemented	<input checked="" type="checkbox"/>
5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk electric systems	<input checked="" type="checkbox"/>
6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified and have the responsibility and authority to implement actions	<input checked="" type="checkbox"/>
7. The reliability of the interconnected bulk electric systems shall be assessed, monitored and maintained on a wide area basis	<input checked="" type="checkbox"/>
The proposed Standard must comply with all of the following Market Interface Principles	<input checked="" type="checkbox"/>
Interconnected The planning and operation of bulk electric systems shall recognize that reliability is an essential requirement of a robust North American economy	
An Organization Standard shall not give any market participant an unfair competitive advantage	
An Organization Standard shall neither mandate nor prohibit any specific market structure	
An Organization Standard shall not preclude market solutions to achieving compliance with that Standard	
An Organization Standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards	

Related Standards, Function Certification Requirements or Business Practices

Standard No.	Explanation

Related SARs

SAR ID	Explanation

Regional Differences

Region	Explanation
ECAR	
ERCOT	
FRCC	
MAAC	
MAIN	
MAPP	
NPCC	
SERC	
SPP	
WSCC	