

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_032

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. Single BA in Single Region:

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. A copy of the request will also be sent to the NERC Director-Compliance.

Single BA in Multiple Regions

An entity seeking certification as a Balancing Authority (the “Applicant”) in multiple Regions will initiate the certification process by making a formal request to one of the Regional Managers of a Region where the Applicant plans to operate a Balancing area and copy all other Regional Managers of those Regions in which the Applicant will operate. A copy of the request will also be sent to the NERC Director-Compliance.

Please respond to question #1 on the comment form

2. Single BA in a Single Region

The NERC Region in which the Applicant plans to operate will be responsible for conducting the formal review process and the awarding of certification.

Single BA in Multiple Regions

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~~ The affected Regions shall identify one of the affected Regions as the Lead Region. The Lead ~~one~~ Region shall be responsible for ~~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 the awarding of certification in concurrence with the other affected Regions.~~

Please respond to question #2 on the comment form.

3. A timeline, including specific milestones, shall be agreed to by the Applicant and the Regional or Lead 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 or Lead 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. The Applicant and Region will supply necessary information-
7. The Region or Lead 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 or Lead 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 or Lead Region will assemble a Certification Review Team charged with the responsibility of determining if the Applicant meets NERC's Balancing Authority Criteria. The Region or Lead 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 at least three of the categories listed below:
 - Interchange Authority
 - Balancing Authority
 - Reliability Authority
 - Transmission Operator

- Generator
- Load Serving Entity
- Regional Staff member
- Regional Compliance Committee member
- Regional Operating Committee member
- Representative from NERC Staff
- Representative from another NERC Region
- Representative from an RTO, when applicable

Review team members cannot be employees of the applicant or any of its affiliates.

Please respond to question #3 on the comment form.

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. These representatives will be selected by the individual Regions that they represent and not by the Lead Region. Regional representation is still subject to Applicant approval. Remaining review team members must represent at least two of the remaining categories.

Please respond to question #4 On the comment form.

In the alternative, the Region(s) 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(s) 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(s)) 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. All members of the review team will have an equal voice in the certification recommendation.

Please respond to question #5 on the comment form.

15. Single BA in Single Region

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.

Single BA in multiple Regions

The certification recommendation will be presented to the appropriate Regional committee(s) of all the affected Regions by the Review Team. The certification recommendation is then approved by all of the affected Regions. The Lead Region will be responsible for verifying the Regional approvals prior to awarding certification.

Please respond to question #6 on the comment form.

16. The Region or Lead Region will notify the Applicant ~~and NERC~~ of the its certification decision. The Region or Lead Region may ~~grant award~~ or deny the Applicant's certification as a Balancing Authority. As an alternative, the Region or Lead Region (in consultation with the affected Regions) ~~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(s), 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(s), within the granted timeframe, the Region or Lead Region must respond to the Applicant's notification of completion of requirements within 30 days.

Please respond to question #7 on the comment form.

17. After the Region or Lead Region has approved the Applicant as a Balancing Authority, they will notify NERC Staff, who in turn, 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 and must commence operation within 12 months of certification. ~~Failure to begin operation within the 12-month period will require the applicant to re-apply for certification.~~

Please respond to question #8 on the comment form.

18. If the Region or Lead 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(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.

Re-certification Process

1. When events occur that subject an entity to be re-certified as defined by NERC Compliance (to be defined), criteria the process used for re-certification will be administered in accordance with the certification procedure contained in this SAR.

Please respond to question #9 on the comment form.

De-certification Process

This section describes the process that will be used for the de-certification of a Balancing Authority when the entity does not wish to continue performing the Balancing Authority function and has arranged for a replacement entity to assume its Balancing Authority responsibilities.

1. The Balancing Authority requesting de-certification notifies the Region(s) it operates in that it wishes to be decertified and names the Balancing Authority(ies) that will be assuming its Balancing Authority responsibilities. If the Balancing Authority(ies) assuming the responsibilities is in a different Region, then a Lead Region will be designated and all Regions will be involved in the process.
2. The Region or Lead Region contacts the Balancing Authority(ies) that is to assume the additional Balancing Authority responsibilities to begin the certification process.
3. After the Region or Lead Region has certified the Balancing Authority(ies) assuming additional responsibilities, the Region or Lead Region will notify the Balancing Authority desiring de-certification and NERC staff of the date the Balancing Authority will cease operation.
4. NERC will notice the appropriate entities of this date.

[Please respond to question #10 on the comment form.](#)

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. NERC Policies and Standards applicable to the Balancing Authority function must be adhered to until they are replaced by Reliability Standards or retired.

[Please respond to question #11 on the comment form.](#)

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, Transmission Operators, Transmission Service Provider, Generators, Load Serving Entities, adjacent BAs, -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

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.

responsibilities 24 hours a day, 7 days a week.

4. Data Acquisition and System Analysis

- 4.1. Procedure and tools in place to ensure resources/demand balance in compliance to NERC Standards.
- 4.2. Procedure and tools in place for providing frequency control.
- 4.3. Procedure in place describing the interchange schedule implementation process.
- 4.4. The organization must have the ability to monitor and control its metered boundary with regards to data such as:
 - 4.4.1. ACE
 - 4.4.2. Interchange
 - 4.4.3. Frequency
- 4.5. Process/procedure in place for obtaining generation commitment information and load forecast.
- 4.6. Process/procedure in place to provide day-ahead hourly dispatch pattern to the Reliability Authority.
- 4.7. 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.
- 4.8. Process/procedure in place for data acquisition to ensure resources/demand balance in compliance to NERC Standards.
- 4.9. 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.
- 4.10. Process/procedure in place for calculating and reporting performance of NERC Standards.
- 4.11. Process/procedure in place for providing data for all required NERC and Regional surveys.
- 4.12. Process/procedure to perform energy accounting for inadvertent accumulations.

5. Emergency Operations

- 6.1.5.1. Process/procedure in place that defines the responsibilities and actions of the Balancing Authority with regards to emergency operations.
- 6.2.5.2. Plan in place that ensures continued operation during abnormal and emergency conditions due to the loss of facilities.

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	Owns 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	Owns 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.
<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

These Regional differences have been identified by individuals or groups through comments received in the SAR postings. The intent is not to comment on these differences at this time, but rather after these comments have been forwarded to the Standard Drafting Team for their inclusion in the Standard. Ample opportunity will be available to comment during the Standard development process.

Region	Explanation
ECAR	
ERCOT	<u>In ERCOT, this is less important than generators due to our structure – having a qualified scheduling entity representative here would better accomplish the need for generator and load representatives, since QSE’s work with both. Other Regions may feel an LSE is an important addition to the team. Mark Henry – ERCOT (2nd)——</u>
FRCC	<u>FRCC requires their own confidentiality agreement in addition to the NERC agreement. In addition, FRCC’s Security Process (Reliability Plan) has other requirements for tools, etc. that must be met. – Linda Campbell for FRCC OC</u> <u>FRCC requires its own confidentiality agreements in addition to the NERC confidentiality agreement. In addition, the FRCC Security Process (Reliability Plan) has other requirements that must be met as well. - FRCC Engineering Committee and Operating Committee Members (2nd)</u> <u>——</u>
MAAC	
MAIN	
MAPP	
NPCC	<u>Differences for Markets vs. regulated areas may impact this SAR. – Kathleen Goodman – ISO New England——</u>
SERC	
SPP	
WSCC	<u>WECC has additional data and Reliability Management System confidentiality agreements that may or may not be included – Ed Riley (1st)——</u>

SAR DT Members

Gerry Burrows, Chairman

Pat Everly, Secretary

Larry Alderink

Don Badley

Alan Boesch

Lucius Burris

David Little

Norb Mizwicki

Don Reichenbach

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