Unofficial Comment Form

# Project 2017-01 Modifications to BAL-003 – Phase II

**Do not** use this form for submitting comments. Use the [Standards Balloting and Commenting System (SBS)](https://sbs.nerc.net/) to submit comments on draft one of Reliability Standard **BAL-003-3 Frequency Response and Frequency Bias Setting** by **8 p.m. Eastern, Wednesday, September 7, 2022.
m. Eastern, Thursday, August 20, 2015**

Additional information is available on the [project page](https://www.nerc.com/pa/Stand/Pages/Project201701ModificationstoBAL00311.aspx). If you have questions, contact Standards Developer, Laura Anderson, or at 404-446-9671.

## Background Information

Reliability Standard BAL-003-1 became effective in 2015. Supporting documents for BAL-003-1 were developed using engineering judgment on the data collection and process needed to determine the Interconnection Frequency Response Obligation (IFRO), as well as the processing of raw data to determine compliance. In the course of implementing the standard, minor errors in assumptions and process inefficiencies have been identified. Further, it was anticipated that as Frequency Response (FR) improves, the approaches embedded in the standard for collecting annual samples would need to be modified.

This project is a two-phase approach. The first phase addressed the Phase 1 recommendations in the Standard Authorization Request (SAR). The scope of the work identified in the second phase will be to (1) establish a real-time reliability standard addressing the necessary FR to maintain reliability; (2) establish comparability for the correct responsible entity; (3) develop real-time measurements incorporating topology difference; and (4) eliminate the incorrect indicators.

Reliability Standard BAL-003-2 resulted from the Phase I portion of Project 2017-01, and addressed: (1) inconsistencies in calculation of IFROs due to Interconnection Frequency Response performance changes of Point C and/or Value B; (2) the Eastern Interconnection Resource Contingency Protection Criteria; (3) the frequency of nadir point limitations (currently limited to t0 to t+12); (4) clarification of language in Attachment A, i.e. related to Frequency Response Reserve Sharing Groups (FRSG) and the timeline for FR and Frequency Bias Setting (FBS) activities; and (5) enhancements to BAL-003-1.1 FRS Forms related to FRSG performance data collection. On July 15, 2020, the Federal Energy Regulatory Commission approved Reliability Standard BAL-003-2 and work began on the second phase of Reliability Standard improvements.

Proposed Reliability Standard BAL-003-3 and its process documents would address the Project 2017-01 Phase II recommendations in the underlying SAR. In particular, the proposed revisions would make the Interconnection IFRO calculations and associated allocations improve representation of current conditions and considers characteristics affecting FR (e.g., load response, mix and type of generation). The proposed revisions would also modify provisions of the standard pertaining to the Frequency Response Measure (FRM) in order to ensure that over-performance by one entity does not negatively impact the performance evaluation of another entity. In addition, the proposed modifications seek to include all of the appropriate applicable entities in light of the revised requirements and make IFRO and FRM allocations as equitable as possible.

Further, the Reliability Standard revisions reflect the expectation that obligations associated with FRM reporting will eventually transition from occurring under the Reliability Standard to occur under a request issued pursuant to NERC Rules of Procedure (ROP)[[1]](#footnote-1), Section 1600 – Request for Data or Information, subject to RSTC and NERC Board of Trustees approval. This is similar to transition for misoperations data collection effected under PRC-004-3[[2]](#footnote-2). Data submission would continue under the present process until any Section 1600 data request could be issued pursuant to the rules under the NERC ROP.

## Questions

1. Concerns related to the current performance metric for Balancing Authorities, where the median performance of all Operating Year selected events is used to determine compliance, potentially allows for an entity to perform well in the first half of the year and then “detune” their performance for the second half of the year. Discussions related to the current requirement (Requirement R1) concluded that the after-the-fact methodology, with a median performance metric, is the preferred method to measure performance.

To address the concern of Balancing Authorities only performing for a partial year, the Standards Drafting Team (SDT) is proposing a requirement similar to BAL-002-3, Requirement R2. This new requirement in proposed BAL-003-3 (Requirement R5), would mandate that an entity must have an Operating Process as part of its Operating Plan to address the needed Frequency Responsive reserves. Do you agree that the revised language in proposed Requirement R5 addresses the concerns related to the current performance metric for Balancing Authorities? Please provide the reasoning or justification for your position in the comments.

[ ]  Yes

[ ]  No

Comments:

1. To address the concern that the Balancing Authorities are not seeing the FR expected, the drafting team has proposed Requirements R6 and R7. Requirement R6 is modeled after the VAR-002-4.1, Requirement R1 and requires the Generator Operator to operate generators with the Governor in service unless the Balancing Authority has been notified that the Governor is out-of-service. Do you support adding proposed Requirement R6 to BAL-003? Please provide the reasoning or justification for your position in the comments.

[ ]  Yes

[ ]  No

Comments:

1. To address the concern that the Balancing Authorities are not seeing the FR expected, the drafting team has proposed Requirements R6 and R7. Requirement R7 states that the Generator Owner is responsible to ensure minimum settings for the Governor droop and deadband or notification to the Balancing Authority if the settings are not within these minimum settings. Do you support adding proposed Requirement R7 to BAL-003? Please provide the reasoning or justification for your position in the comments.

[ ]  Yes

[ ]  No

Comments:

1. The SDT has made modifications to the standard to allow the data collection process currently performed through the use of the FRS Form 1 to move to a Section 1600 Data Collection process. This would allow the Balancing Authorities to use their own forms to calculate their performance under Requirement R1 while allowing for the needed data collection through a separate means. Do you agree with this modification to the standard? Please provide the reasoning or justification for your position in the comments.

[ ]  Yes

[ ]  No

Comments:

1. Do you believe that proposed Reliability Standard BAL-003-3 can be met in a cost-effective manner? If you do not agree, or if you agree but have suggestions for improvement to enable more cost effective approaches, please provide your recommendation and, if appropriate, technical or procedural justification. Please provide the reasoning or justification for your position in the comments.

[ ]  Yes

[ ]  No

Comments:

1. Do you have any comments on the modified Violation Severity Level (VSL) for Requirement R1, or for the Violation Risk Factors/VSLs for proposed Requirements R5, R6, and R7?

[ ]  Yes

[ ]  No

Comments:

1. Do you agree with the proposed Implementation Plan? If you think an alternate, shorter or longer implementation time period is needed, please propose an alternate implementation plan and time period, and provide a detailed explanation of actions planned to meet the implementation deadline.

[ ]  Yes

[ ]  No

Comments:

1. Please provide any other comments or feedback, which you haven’t already provided, to the SDT related to the proposed modifications to the standard.

Comments:

1. NERC Rules of Procedure are available at: <https://www.nerc.com/AboutNERC/RulesOfProcedure/NERC_ROP_With_Appendices.pdf> [↑](#footnote-ref-1)
2. Reliability Standard PRC-004-3 available at: https://www.nerc.com/pa/Stand/Project%20201005%20Protection%20System%20Misoperations%20DL/PRC\_004\_3\_Implementation\_Plan\_Draft\_5\_2014\_05\_16\_Clean.pdf [↑](#footnote-ref-2)