

September 11, 2019

**VIA ELECTRONIC FILING**

Mr. Patrick Wruck, Commission Secretary  
British Columbia Utilities Commission  
Box 250, 900 Howe Street  
Sixth Floor  
Vancouver, B.C.  
V6Z 2N3

Re: *North American Electric Reliability Corporation*

Dear Mr. Wruck:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of Filing of the North American Electric Reliability Corporation of Proposed Regional Reliability Standard BAL-002-WECC-3. NERC requests, to the extent necessary, a waiver of any applicable filing requirements with respect to this filing.

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

Respectfully submitted,

/s/ Lauren Perotti

Lauren Perotti  
*Senior Counsel for the North American Electric  
Reliability Corporation*

Enclosure

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**BEFORE THE  
BRITISH COLUMBIA UTILITIES COMMISSION  
OF THE PROVINCE OF BRITISH COLUMBIA**

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**NOTICE OF FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF PROPOSED  
REGIONAL RELIABILITY STANDARD BAL-002-WECC-3**

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September 11, 2019

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<b>Exhibit A</b>	Proposed Regional Reliability Standard BAL-002-WECC-3 – Contingency Reserve
	<b>Exhibit A-1:</b> Clean
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<b>Exhibit B</b>	Implementation Plan
<b>Exhibit C</b>	Field Test Results, WECC-0115 BAL-002-WECC-2a Request to Retire Requirement R2
<b>Exhibit D</b>	Reliability Standards Criteria
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<b>Exhibit F</b>	Drafting Team Roster
<b>Exhibit G</b>	VRF and VSL Justification

**BEFORE THE  
BRITISH COLUMBIA UTILITIES COMMISSION  
OF THE PROVINCE OF BRITISH COLUMBIA**

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**NOTICE OF FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF PROPOSED  
REGIONAL RELIABILITY STANDARD BAL-002-WECC-3**

The North American Electric Reliability Corporation (“NERC”) hereby submits proposed Regional Reliability Standard BAL-002-WECC-3 – Contingency Reserve. Proposed Regional Reliability Standard BAL-002-WECC-3 reflects the retirement of Requirement R2 in the currently effective standard BAL-002-WECC-2a relating to the composition of the required Contingency Reserve.

Proposed Regional Reliability Standard BAL-002-WECC-3 (**Exhibit A**) is just, reasonable, not unduly discriminatory or preferential, and in the public interest. NERC also submits the associated implementation plan (**Exhibit B**) as detailed in this filing, and the associated Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) (**Exhibit A**), which remain unchanged from Regional Reliability Standard BAL-002-WECC-2a (*see Exhibit G*).

This filing presents the technical basis and purpose of proposed Regional Reliability Standard BAL-002-WECC-3, a summary of the development proceedings (**Section III.D** and **Exhibit E**), and a demonstration that the proposed Reliability Standard meets the Reliability Standards criteria (**Exhibit D**). Proposed Regional Reliability Standard BAL-002-WECC-3 was approved by the WECC Board of Directors on June 19, 2019 and adopted by the NERC Board of Trustees on August 15, 2019.

## I. SUMMARY

The purpose of Regional Reliability Standard BAL-002-WECC-2a – Contingency Reserve is to provide a Regional Reliability Standard that specifies the quantity and types of Contingency Reserve<sup>1</sup> required to ensure reliability under normal and abnormal conditions. The standard consists of four requirements. Requirement R1 provides that each Balancing Authority and each Reserve Sharing Group shall maintain a minimum amount of Contingency Reserve, and that the Contingency Reserve shall consist of any combination of a list of specified reserve types. Requirement R2 provides that at least half of the minimum amount of Contingency Reserve shall be Operating Reserve – Spinning that meets certain reserve characteristics. Requirements R3 and R4 require entities to maintain a minimum amount of Operating Reserve.

Since the regional standard was originally developed, a continent-wide Reliability Standard has come into effect that renders Regional Reliability Standard BAL-002-WECC-2a Requirement R2 redundant and no longer needed for reliability in the Western Interconnection. Reliability Standard BAL-003-1.1 Requirement R1 provides that each Frequency Response Sharing Group or Balancing Authority shall achieve an annual Frequency Response Measure that is equal to or more negative than its Frequency Response Obligation to ensure that it is providing sufficient Frequency Response. This continent-wide requirement helps ensure that sufficient

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<sup>1</sup> Contingency Reserve is defined in the NERC Glossary as:

The provision of capacity that may be deployed by the Balancing Authority to respond to a Balancing Contingency Event and other contingency requirements (such as Energy Emergency Alerts as specified in the associated EOP standard). A Balancing Authority may include in its restoration of Contingency Reserve readiness to reduce Firm Demand and include it if, and only if, the Balancing Authority:

- is experiencing a Reliability Coordinator declared Energy Emergency Alert level, and is utilizing its Contingency Reserve to mitigate an operating emergency in accordance with its emergency Operating Plan.
- is utilizing its Contingency Reserve to mitigate an operating emergency in accordance with its emergency Operating Plan.

Frequency Response is provided to maintain Interconnection frequency in support of the reliable operation of the Interconnection. In light of this continent-wide Reliability Standard, and as supported by the results of a field test (*see Exhibit C*), WECC has determined that Requirement R2 of currently effective Regional Reliability Standard BAL-002-WECC-2a should be retired.

The following filing presents the justification for the proposed Reliability Standard and supporting documentation.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:

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## **III. BACKGROUND**

The following background information is provided below: (a) an explanation of the regulatory framework for NERC and Regional Reliability Standards; (b) an explanation of the WECC Regional Reliability Standards development process; and (c) a summary of the development process for the proposed Reliability Standard.

### **A. WECC Regional Reliability Standards Development Process**

Proposed Regional Reliability Standard BAL-002-WECC-3 was developed in an open and fair manner and in accordance with the WECC Reliability Standards Development Procedures

(“RSDP”).<sup>2</sup> WECC’s RSDP provides for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Regional Reliability Standards. The development process is open to any person or entity that is an interested stakeholder. WECC considers the comments of all stakeholders, and a vote of stakeholders and the WECC Board of Directors is required to approve a WECC Regional Reliability Standard or Variance. NERC posts each Regional Reliability Standard or Variance developed by a Regional Entity such as WECC for an additional comment period. The NERC Board of Trustees must adopt a proposed Regional Reliability Standard or Variance before it is submitted to the applicable governmental authorities.

## **B. Procedural History**

The Federal Energy Regulatory Commission (FERC) approved Regional Reliability Standard BAL-002-WECC-2 – Contingency Reserve in Order No. 789, issued on November 21, 2013.<sup>3</sup> On November 14, 2016, NERC submitted proposed BAL-002-WECC-2a, which added an interpretation to Requirement R2.

Since the BAL-002-WECC-2 standard was originally submitted, NERC has submitted several continent-wide BAL Reliability Standards. NERC submitted the current version of the continent-wide disturbance control standard, Reliability Standard BAL-002-3 – Disturbance Control Standard – Contingency Reserve for Recovery from a Balancing Contingency Event, on August 23, 2018. Relevant to the proposal described in this filing, NERC submitted proposed Reliability Standard BAL-003-1 – Frequency Response and Frequency Bias Setting on March 19,

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<sup>2</sup> The currently effective WECC RSDP is available at [https://www.nerc.com/FilingsOrders/us/Regional%20Delegation%20Agreements%20DL/WECC%20RSDP\\_20171027.pdf](https://www.nerc.com/FilingsOrders/us/Regional%20Delegation%20Agreements%20DL/WECC%20RSDP_20171027.pdf).

<sup>3</sup> *Regional Reliability Standard BAL-002-WECC-2 – Contingency Reserve*, Order No. 789, 145 FERC ¶ 61,141 at P 1 (2013).

2013. (NERC subsequently submitted an errata version BAL-003-1.1 on September 2, 2015.) Reliability Standard BAL-003-1.1 Requirement R1 is currently effective.

**C. Development of Proposed Regional Reliability Standard BAL-002-WECC-3**

As further described in **Exhibit E** hereto, WECC developed proposed Regional Reliability Standard BAL-002-WECC-3 in accordance with the WECC RSDP. On May 6, 2015, WECC received a Standard Authorization Request to retire Requirement R2 of the regional standard on the basis that the regional requirement would become redundant upon the effective date of continent-wide Reliability Standard BAL-003-1.1 Requirement R1. The WECC drafting team (**Exhibit F**) consisted of individuals with relevant expertise in the subject matter area.

From May 1, 2017 through April 30, 2018, WECC conducted a field test to evaluate whether the retirement of Requirement R2 would impact reliability in the Western Interconnection.<sup>4</sup> As discussed more fully in **Exhibit C** and summarized below, WECC determined that the retirement of Requirement R2 would have no adverse impact on reliability. The WECC standard drafting team drafted proposed Regional Reliability Standard BAL-002-WECC-3 to reflect the retirement of Requirement R2.

On April 11, 2019, the WECC ballot body approved the proposed Regional Reliability Standard with a 100 percent weighted affirmative vote at 89.5 percent quorum. The WECC Board of Directors approved the proposed Regional Reliability Standard on June 19, 2019. NERC posted the Regional Reliability Standard for a 45-day comment period from June 20, 2019 through August 5, 2019. Commenters agreed that WECC's process was open, inclusive, balanced, and transparent,

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<sup>4</sup> As WECC did not have a separate procedure for the conduct of field tests, WECC conducted the field test in accordance with the processes specified in Section 6.2 of the then-effective NERC Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure. As part of this field test, WECC (with NERC approval) provided each responsible entity with a waiver of compliance for Requirement R2.



and that it provided due process. The NERC Board of Trustees adopted proposed Regional Reliability Standard BAL-002-WECC-3 on August 15, 2019.

#### **IV. JUSTIFICATION**

This section provides a description of the purpose and applicability of proposed Reliability Standard BAL-002-WECC-3, a summary of the changes reflected in the proposed standard, and a discussion of the enforceability of the proposed standard. As discussed more fully below, the main change in the proposed standard is the retirement of Requirement R2. NERC proposes to retire Requirement R2 because the requirement became redundant and no longer necessary for reliability upon the effective date of continent-wide Reliability Standard BAL-003-1.1 Requirement R1. Proposed Regional Reliability Standard BAL-002-WECC-3 continues to represent a more stringent set of requirements for entities in the Western Interconnection than those found in the continent-wide disturbance control standard, Reliability Standard BAL-002-3, and it continues to remain necessary for reliability within the Interconnection.

##### **A. Purpose and Applicability**

The stated purpose of proposed Regional Reliability Standard BAL-002-WECC-3, which remains unchanged from the currently effective version, is “to specify the quantity and types of Contingency Reserve required to ensure reliability under normal and abnormal conditions.” The proposed Regional Reliability Standard applies to Balancing Authorities and Reserve Sharing Groups, which is unchanged from the currently effective version.

##### **B. Summary of Revisions**

In proposed Regional Reliability Standard BAL-002-WECC-3, the text of Requirement R2 is struck in its entirety and replaced with the word “Reserved.” Corresponding revisions are made to the measures and VSL table, and the approved Interpretation to Requirement R2 is removed

from Section E., Interpretations. Additionally, minor editorial and formatting changes are made throughout the document. These changes are shown in redline in **Exhibit A**.

### **C. Retirement of Requirement R2**

As noted above, proposed Regional Reliability Standard BAL-002-WECC-3 reflects the retirement of Requirement R2 of the currently effective standard. Regional Reliability Standard BAL-002-WECC-2a Requirement R2 provides:

R2. Each Balancing Authority and each Reserve Sharing Group shall maintain at least half of its minimum amount of Contingency Reserve identified in Requirement R1, as Operating Reserve – Spinning that meets both of the following reserve characteristics.

- 2.1 Reserve that is immediately and automatically responsive to frequency deviations through the action of a governor or other control system;
- 2.2 Reserve that is capable of fully responding within ten minutes.

A similar version of this requirement was present in the first version of the regional standard, WECC-BAL-STD-002-0. The original intent of this requirement was to: (1) aid in frequency recovery (through governor action) for large generation loss events across the Western Interconnection; and (2) provide a part of the Contingency Reserves for generation trip events within the Balancing Authority or Reserve Sharing Group area. It was based on a historical, pre-Reliability Standards paradigm in which visibility, data exchange, and understanding of other Balancing Authority areas was minimal, frequency deviation was largely addressed by manual and analog intervention, and coordination between Balancing Authority areas was accomplished through mutual cooperation unsupported by mandatory standards.

Regional Reliability Standard WECC-BAL-STD-002-0 carried forward criteria from the Reliability Management System (“RMS”) of WECC’s predecessor, the Western Systems Coordinating Council (“WSCC”). The RMS program was comprised of approximately 17

“criteria” that came from the NERC Operating Policies. When the initial set of NERC’s Version 0 standards was developed, WSCC reviewed the standards to determine if the RMS criteria had been included. Where an RMS criterion was not addressed in a continent-wide standard, WSCC initiated development of a Regional Reliability Standard to transition the RMS criteria to a mandatory standard. The criteria and language from RMS had to be translated to a requirement in the Regional Reliability Standard without revision. In some instances, the RMS criteria were more stringent than the continent-wide requirements. This included the criteria carried forward in WECC-BAL-STD-002-0.

During the development of the RMS criteria in the late 1990s, WSCC did not conduct any simulations or assessments to determine or identify that the 50 percent level that was later specified in BAL-002-WECC Requirement R2 was what was needed for optimal system reliability. Rather, it was an agreed upon value established by a majority of the RMS drafters. While it could be assumed that a 100 percent level would be best, such a requirement would have come with unacceptably high costs. Conversely, a requirement to carry zero percent would have been unacceptable from a reliability perspective. In the end, most the participants gravitated to the number in the middle, 50 percent. There was no other technical analysis done.

In the intervening years, NERC developed a continent-wide Reliability Standard specifically to address frequency response. The stated purpose of Reliability Standard BAL-003-1.1 is “[t]o require sufficient Frequency Response from the Balancing Authority (BA) to maintain Interconnection Frequency within predefined bounds by arresting frequency deviations and supporting frequency until the frequency is restored to its scheduled value” and “[t]o provide consistent methods for measuring Frequency Response and determining the Frequency Bias Setting.” Requirement R1, which is mandatory and enforceable, provides as follows:

- R1. Each Frequency Response Sharing Group (FRSG) or Balancing Authority that is not a member of a FRSG shall achieve an annual Frequency Response Measure (FRM) (as calculated and reported in accordance with Attachment A) that is equal to or more negative than its Frequency Response Obligation (FRO) to ensure that sufficient Frequency Response is provided by each FRSG or BA that is not a member of a FRSG to maintain Interconnection Frequency Response equal to or more negative than the Interconnection Frequency Response Obligation.

Reliability Standard BAL-003-1.1 addresses the same frequency response components covered in currently effective Regional Reliability Standard BAL-002-WECC-2a Requirement R2 but in a results-based manner. Requirement R2 of the regional standard requires the entity to maintain at least half of its Contingency Reserve as Operating Reserve – Spinning. By contrast, Reliability Standard BAL-003-1.1 requires the entity to achieve a calculated Frequency Response Measure and allows the entity to meet this measure through a variety of services or arrangements. The WECC standard drafting team determined that retention of the regional minimum Operating Reserve – Spinning requirement, alongside the continent-wide frequency response requirement, could lead to confusion and the needless procurement of additional reserves, thereby increasing costs without providing additional reliability benefits.

To evaluate the potential impact on reliability in the Western Interconnection should Requirement R2 be retired, WECC conducted a field test from May 1, 2017 through April 30, 2018, the results of which are summarized below and discussed in detail in **Exhibit C**. To provide more accurate results, WECC, with NERC approval, provided a compliance waiver for Requirement R2 to responsible entities. As part of the field test, responsible entities provided the following information: (1) for any reportable Disturbance Control Standard (“DCS”) event, the date and time of the event, the required amount of Contingency Reserves at the time of the event, the actual amount of Operating Reserves – Spinning at the time of the event, and the actual DCS

performance; and (2) for all instances of a loss of resources 700 megawatts (“MW”) or greater, whether it is a reportable DCS event or not, the date and time of the event, the name of the resource(s), and the total MW loss.

To evaluate the resulting impacts on reliability, the WECC standard drafting team applied two metrics. The first metric, DCS performance, monitored the performance of each Reserve Sharing Group/Balancing Authority for every reportable DCS event to see whether any were unable to meet the DCS recovery period for a DCS event. The second metric evaluated system performance for any loss of resources greater than 700 MW and for any adverse impact on frequency response.

As discussed more fully in **Exhibit C**, analysis of the data demonstrates that all 66 DCS events occurring during the field test period had a 100 percent pass rate, showing no degradation to DCS performance. Entities carried and deployed enough reserves for post disturbance Area Control Error recovery. For 63 of the total 66 events, entities carried more than the required 50 percent Operating Reserve – Spinning (on average, 166.38 percent). For the remaining three events, entities carried less than 50 percent Operating Reserve – Spinning (on average, 5.3 percent less).<sup>5</sup>

Western Interconnection frequency performance was assessed to further determine the impact of the field test on the Interconnection. Frequency performance data was collected for the 32 events having a verified resource loss of more than 700 MW. NERC’s Essential Reliability Services Measure 4 describes a comprehensive set of frequency response measures capturing speed of frequency response and response withdrawal at all relevant time frames; these measures were

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<sup>5</sup> **Exhibit C**, Field Test Report at 6-8.

used to analyze the collected data.<sup>6</sup> The WECC standard drafting team's analysis also included frequency response information from the 2018 NERC State of Reliability Report.<sup>7</sup> The standard drafting team's analysis indicated that frequency response performance did not degrade in the Western Interconnection during the field test period.<sup>8</sup>

Based on the results of the field test, the WECC standard drafting team determined that the retirement of Requirement R2 is unlikely to have an adverse impact on reliability in the Western Interconnection.<sup>9</sup> In light of these results, and in consideration of the redundancy with continent-wide Reliability Standard BAL-003-1.1, it is appropriate to retire Requirement R2 in the BAL-002-WECC regional standard.

**D. Enforceability of Proposed Regional Reliability Standard BAL-002-WECC-3**

Proposed Regional Reliability Standard BAL-002-WECC-3 includes VRFs and VSLs. The VSLs provide guidance on the way that NERC will enforce the requirements of the proposed Reliability Standard. The VRFs are one of several elements used to determine an appropriate sanction when the associated requirement is violated. The VRFs assess the impact to reliability of violating a specific requirement. The VRFs and VSLs for the three remaining requirements in proposed Regional Reliability Standard BAL-002-WECC-3 are unchanged from the currently effective version of the standard.

The proposed Regional Reliability Standard also includes measures that support each requirement by clearly identifying what is required and how the requirement will be enforced. These measures help ensure that the requirements will be enforced in a clear, consistent, and non-

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<sup>6</sup> **Exhibit C**, Field Test Report at 8. For additional description of these measures, *see* NERC, *Essential Reliability Services Task Force Measures Framework Report* (Nov. 2015), <https://www.nerc.com/comm/Other/essntlrbltysrvcestskfrDL/ERSTF%20Framework%20Report%20-%20Final.pdf>.

<sup>7</sup> *See* **Exhibit C**, Field Test Report at 9-10 (citing 2018 NERC State of Reliability Report at Table 2.1).

<sup>8</sup> **Exhibit C**, Field Test Report at 8-10.

<sup>9</sup> *Id.* at 2.

preferential manner and without prejudice to any party. The measures for the three remaining requirements in proposed Regional Reliability Standard BAL-002-WECC-3 are unchanged from the currently effective version of the standard.

**V. EFFECTIVE DATE**

The proposed implementation plan is provided in **Exhibit B** hereto. Because the only substantive change in the proposed standard is the retirement of Requirement R2, the proposed implementation plan provides that proposed Regional Reliability Standard BAL-002-WECC-3 would become effective immediately upon regulatory approval.

Respectfully submitted,

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Reliability Corporation*

Date: September 11, 2019



**EXHIBITS A - C and E - G**

## EXHIBIT D

### Reliability Standards Criteria

]The discussion below explains how proposed Reliability Standard BAL-002-WECC-3 meets or exceeds the Reliability Standards criteria.

**1. Proposed Reliability Standards must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve that goal.**

NERC Reliability Standards are based on certain reliability principles that define the foundation of reliability for North American bulk power systems. Each Reliability Standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of reliability of the North American bulk power systems. Each Reliability Standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence. NERC Reliability Principles<sup>1</sup>

The Purpose of BAL-002-WECC-2a Contingency Reserve is:

“To specify the quantity and types of Contingency Reserve required to ensure reliability under normal and abnormal conditions.”

Of the eight NERC Reliability Principles, this standard addresses Reliability Principle 1, which states:

“Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.”

1. Standard Development

This proposed Reliability Standard was developed using the NERC and Western Electricity Coordinating Council (WECC) Reliability Standards Development Procedures

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<sup>1</sup> [https://www.nerc.com/files/Reliability\\_Principles.pdf](https://www.nerc.com/files/Reliability_Principles.pdf)

(Procedures) in effect at each point in the process. Among other things, these processes include drafting of the standard by a drafting team composed of subject matter experts (SME); biographies of those SMEs are provided with this filing.

These processes also include repeated public iterative comment/response cycles whereby comments are received from the industry, and responses to those comments are provided by the drafting team.

## 2. Technically Sound

On May 6, 2015, WECC received Standard Authorization Request (SAR) WECC-0115 BAL-002-WECC-2 Contingency Reserve, Request to Retire Requirement R2 (R2) requesting retirement of R2 and its compliance elements.<sup>2</sup> The SAR stated that, on April 1, 2016, BAL-003-1.1 Frequency Response and Frequency Bias Settings, Requirement R1 would make R2 redundant.

To assess the potential risk of retiring R2, WECC conducted a NERC-approved field test from May 1, 2017, through April 30, 2018.<sup>3</sup> WECC required U.S. entities to provide data on the quantity of reserve carried during the field test period. Between October 18, 2018, and January 10, 2019, the WECC-0115 BAL-002-WECC-2a drafting team (DT) reviewed the test data and concluded that, if BAL-002-WECC-2a Requirement R2 is retired, it is unlikely to have an adverse effect on reliability.

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<sup>2</sup> The naming nomenclature changed during development from BAL-002-WECC-2, BAL-002-WECC-2a, and will change to BAL-002-WECC-3 if approved.

<sup>3</sup> NERC approved the field test in late March 2017 and WECC conducted it per NERC Standards Processes Manual, Section 6.2, Field Tests and Data Analysis for Validation of Requirement. A compliance waiver for R2 was granted beginning on May 1, 2017, and ending on May 1, 2019.

To enable WECC to monitor the reliability effects of the field test, as a condition to participate in the field test, and to meet NERC's conditions in approving the field test, WECC required U.S. entities to provide the following information for any reportable Disturbance Control Standard (DCS) event:

- The date and time of the event;
- The required amount of Contingency Reserve at the time of the event;
- The actual amount of Operating Reserve—Spinning at the time of the event;
- The actual DSC performance.

Additionally, whether or not an incident was a reportable DCS event, for all instances of a loss of resources 700 MW or greater, entities were to report:

- The date and time of the event;
- The name of the resource(s);
- The total MW loss; and
- Any other relevant information.

Entities gave this information to WECC staff for each incident.

**2. Proposed Reliability Standards must be applicable only to users, owners and operators of the bulk power system, and must be clear and unambiguous as to what is required and who is required to comply.**

The Applicability section of BAL-002-WECC-2a, Contingency Reserve is as follows:

**4. Applicability:**

4.1 Balancing Authority

4.1.1. The Balancing Authority is the responsible entity unless the Balancing Authority is a member of a Reserve Sharing Group, in which case, the Reserve Sharing Group becomes the responsible entity.

4.2 Reserve Sharing Group

4.2.1. The Reserve Sharing Group when comprised of a Source Balancing Authority becomes the source Reserve Sharing Group

4.2.2. The Reserve Sharing Group when comprised of a Sink Balancing Authority becomes the sink Reserve Sharing Group.

- 3. A proposed Reliability Standard must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation.**

This filing does not propose changes to the VSLs or VRFs. This filing proposes only a formatting change to the VRF.

- 4. A proposed Reliability Standard must identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner.**

This filing proposes retirement of BAL-002-WECC-2a, Requirement R2 with no further substantive changes to the existing standard.

- 5. Proposed Reliability Standards should achieve a reliability goal effectively and efficiently — but do not necessarily have to reflect “best practices” without regard to implementation cost or historical regional infrastructure design.**

During the two posting periods, no concerns were raised about implementation costs or regional infrastructure.

- 6. Proposed Reliability Standards cannot be “lowest common denominator,” *i.e.*, cannot reflect a compromise that does not adequately protect Bulk-Power System reliability. Proposed Reliability Standards can consider costs to implement for smaller entities, but not at consequences of less than excellence in operating system reliability.**

The filing proposes retirement of BAL-002-WECC-2a, Requirement R2 because it is redundant to BAL-003-1.1 Frequency Response and Frequency Bias Settings, Requirement R1.

During the development of the project, the industry raised no such concerns about costs.

- 7. Proposed Reliability Standards must be designed to apply throughout North America to the maximum extent achievable with a single Reliability Standard while not favoring one geographic area or regional model. It should take into account regional variations in the organization and corporate structures of transmission owners and operators, variations in generation fuel type and ownership patterns, and regional variations in market design if these affect the proposed Reliability Standard.**

Regional entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. NERC Rules of Procedure, Section 312, Regional Reliability Standards.

The filing requests retirement of BAL-002-WECC-2a Contingency Reserve, Requirement R2. If approved, the reliability-related tasks will default to the continent-wide requirement of BAL-003-1.1 Frequency Response and Frequency Bias Settings, Requirement R1.

- 8. Proposed Reliability Standards should cause no undue negative effect on competition or restriction of the grid beyond any restriction necessary for reliability.**

The BAL-002-WECC-2A drafting team (DT) does not foresee any negative effects on competition resulting from the proposed retirement.

During the development phase of this project, the industry raised no concerns about competition or restrictive use of the grid.

- 9. The implementation time for the proposed Reliability Standard is reasonable.**

Per the WECC Reliability Standards Development Procedures, Posting 1 (Attachment E4) of this project included an implementation plan for the proposed retirement. The Implementation Plan is included as Exhibit B of this filing.

When the DT published Posting 1 in October 2015, it proposed a retirement date coincident with the then-future effective date of BAL-003-1.1 Frequency Response and Frequency Bias Settings, Requirement R1. Because BAL-003-1.1, Requirement R1 is now effective, and while the

reliability-related tasks of BAL-002-WECC-2a are addressed in BAL-003-1.1, Requirement R1, retirement of BAL-002-WECC-2a, Requirement R2 can be effective immediately upon receipt of regulatory approval.

**10. The Reliability Standard was developed in an open and fair manner and in accordance with the Reliability Standard development process.**

WECC followed the WECC Reliability Standards Development Procedures (Procedures) in effect at the time of each step in the process.

In accordance with the Procedures, all drafting team meetings are open to the public.

All drafting team meetings were announced via the WECC Standards Email List for the period prescribed in the Procedures. Notice of the meetings was provided to NERC and posted on the WECC Calendar along with meeting minutes.

All meetings were supported by a telephone conference bridge associated with an on-line internet visual capability allowing all participants to see the document(s) as they were being developed. Further, this team held an open-mic Standards Briefing prior to balloting affording the industry an additional opportunity to have its questions addressed.

This project was posted twice for public comment at WECC.

Comments and the associated responses are currently posted on the WECC website at the WECC-0115 project page on the Submit and Review accordion.<sup>4</sup> Response to Comments forms were provided with this filing.

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<sup>4</sup> <https://www.wecc.org/Standards/Pages/WECC-0115.aspx>

In addition to posting under the WECC Procedures, this project was also posted by NERC for 45-days in accordance with NERC's Rules of Procedure and NERC's internal business practices.

All comments received in that posting indicated WECC's development processes were: 1) open, 2) inclusive, 3) balanced, 4) transparent, and 5) provided due process.

**11. NERC must explain any balancing of vital public interests in the development of proposed Reliability Standards.**

NERC is not aware of any other vital public interests. No such balancing concerns were raised or noted.

**12. Proposed Reliability Standards must consider any other appropriate factors.**

NERC is not aware of any other general factors in need of consideration.