August 25, 2016

VIA ELECTRONIC FILING

Ms. Erica Hamilton, 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 Ms. Hamilton:


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

Respectfully submitted,

/s/ Holly A. Hawkins

Holly A. Hawkins
Associate General Counsel for the North American Electric Reliability Corporation

Enclosure
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 REVISIONS TO THE RULES OF PROCEDURE

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August 25, 2016
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**EXHIBIT A**  Clean and Redline Versions of Appendix 2 to the NERC Rules of Procedure

**EXHIBIT B**  Clean and Redline Versions of Appendix 5A to the NERC Rules of Procedure

**EXHIBIT C**  Clean and Redline Versions of Appendix 5B to the NERC Rules of Procedure

**EXHIBIT D**  Comments on Proposed Revisions
NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF PROPOSED REVISIONS TO THE RULES OF PROCEDURE

The North American Electric Reliability Corporation ("NERC") provides notice of targeted revisions to the following parts of the NERC Rules of Procedure ("ROP") to facilitate implementation of Reliability Standards:

- **Appendix 2**: Definitions Used in the Rules of Procedure;
- **Appendix 5A**: Organization Registration and Certification Manual; and
- **Appendix 5B**: Statement of Compliance Registry Criteria.

Specifically, NERC proposes revisions to incorporate Frequency Response Sharing Group and Regulation Reserve Sharing Group within the ROP, consistent with those terms as defined in the Glossary of Terms Used in NERC Reliability Standards ("Glossary") and used in Reliability Standards BAL-003-1.1 and BAL-001-2.¹ No other changes are proposed in this filing.

These revisions will enhance reliability by aligning the ROP with the Glossary and supporting implementation of Reliability Standards BAL-003-1.1 and BAL-001-2. The proposed revisions are to be made effective by October 31, 2016 to support full implementation of these standards by December 1, 2016. The proposed revisions are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

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¹ Reliability Standard BAL-003-1 was submitted on March, 19, 2013 and an errata was submitted on September 2, 2015, resulting in BAL-003-1.1. Reliability Standard BAL-001-2 was submitted on May 13, 2014.
I. NOTICES AND COMMUNICATIONS

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

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II. PROPOSED REVISIONS

NERC proposes changes to Appendices 2, 5A, and 5B of the ROP to incorporate Frequency Response Sharing Group and Regulation Reserve Sharing Group as defined in the Glossary, used in Reliability Standards BAL-003-1.1 and BAL-001-2, and approved by the Federal Energy Regulatory Commission (“FERC”) in Order Nos. 794 and 810. These revisions enhance reliability by ensuring that these functions are reflected in the ROP and Registry Criteria, as intended when BAL-003-1 and BAL-001-2 were approved by FERC. As Frequency Response Sharing Groups and Regulation Reserve Sharing Groups are analogous to Reserve Sharing Groups, registration, compliance, and enforcement will apply in the same manner as for Reserve Sharing.

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Groups. This section discusses the procedural and development history resulting in the proposed revisions and details the targeted revisions.

A. Development History and Basis for Proposed Revisions

As stated above, NERC proposes targeted revisions to incorporate Frequency Response Sharing Group and Regulation Reserve Sharing Group within Appendices 2, 5A, and 5B of the ROP, in support of Reliability Standard BAL-003-1.1 and BAL-001-2. These two functions, as currently defined in the Glossary, were approved in FERC Order Nos. 794 and 810 in connection with BAL-003-1 and BAL-001-2, respectively. The filing of these Reliability Standards recognized NERC’s intent to propose revisions to the ROP to incorporate Frequency Response Sharing Group and Regulation Reserve Sharing Group to support implementation of the standards. Order Nos. 794 and 810 are discussed below, followed by a description of the proceedings that led to the proposed revisions.

NERC submitted Reliability Standard BAL-003-1 on April 3, 2013. FERC Order No. 794 approved Reliability Standard BAL-003-1. This standard imposes requirements on balancing authorities (“BAs”) and Frequency Response Sharing Groups in order to ensure that a BA’s Frequency Bias Setting is calculated accurately to match actual Frequency Response and to provide consistent methods for measuring Frequency Response and determining the Frequency Bias Setting. The order noted that the NERC’s BAL-003 Filing explained that Requirement R1 of the standard “allows balancing authorities to cooperatively form Frequency Response Sharing

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3 See Mandatory Reliability Standards for the Bulk-Power System, Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 320, order on reh’g, Order No. 693-A, 120 FERC ¶ 61,053 (2007) (“The ERO will be responsible for ensuring compliance with this Reliability Standard for all applicable entities. A reserve sharing group, however, as an independent organization, is able to determine on its own as a commercial matter whether any penalties related to non-compliance should be reapportioned among the members of the group.”); and Notice of Filing of the North American Electric Reliability Corporation of Reliability Standard BAL-001-2- Real Power Balancing Control Performance, s (filed May 13, 2014) (“BAL-001 Filing”).
Groups as a means to jointly meet the obligations of the standard.”

The Implementation Plan filed with Reliability Standard BAL-003-1 reflected the intent to subsequently pursue revisions to the ROP to incorporate Frequency Response Sharing Group in the Compliance Registry. BAL-003-1 was followed by an errata, resulting in BAL-003-1.1. BAL-003-1 began becoming effective in 2015, although Requirement R1 of Reliability Standard BAL-003-1.1 became effective April 1, 2016, and compliance begins December 1, 2016. All compliance obligations will be fully implemented on that date. NERC has received feedback that BAs may be interested in forming Frequency Response Sharing Groups before December 1, 2016.

NERC submitted BAL-001-2 on May 13, 2014. FERC Order No. 810 approved Reliability Standard BAL-001-2. This standard imposes requirements on BAs and Regulation Reserve Sharing Groups to ensure that interconnection frequency is maintained within predefined frequency limits. The order recognized that NERC’s BAL-001 Filing explained that the Reliability Standard allowed for the formation of Regulation Reserve Sharing Groups. NERC’s BAL-001 Filing provided that Regulation Reserve Sharing Groups are formed by BAs to maintain sufficient Regulating Reserve and analogized this function to Reserve Sharing Groups and Frequency Response Sharing Groups. Order No. 810 noted the standard drafting team’s intent that Regulation Reserve Sharing Group be included within the ROP to support implementation of the standard. BAL-001-2 became effective July 1, 2016.

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5 See BAL-003 Filing, at Exhibit E, p. 2.
6 The errata filing, submitted on September 2, 2015, corrected inadvertent numbering errors and font inconsistencies in Measure M4.
7 Order No. 810, at PP1 and 49.
8 BAL-001 Filing, at pp. 7-8.
9 Order No. 810, at fn. 30 (citing the BAL-001 Filing, at Exhibit G).
To support implementation of Reliability Standard BAL-003-1.1 and BAL-001-2, the NERC Organization Registration and Certification Subcommittee (“ORCS”) of the Compliance and Certification Committee (“CCC”), working closely with NERC staff, developed targeted revisions proposed to Appendices 2, 5A, and 5B of the ROP. These revisions were posted for comment May 9, 2016 through June 23, 2016. Comments were reviewed and are attached at Exhibit D. The NERC Board of Trustees approved the proposed revisions on August 11, 2015.

B. **Proposed Revisions to Appendix 2 of the ROP**

To support Reliability Standards and align with the Glossary, NERC proposes to add Frequency Response Sharing Group and Regulation Reserve Sharing Group to Appendix 2 (see Exhibit A). These terms are marked with two asterisks (***) as they are taken from the Glossary.

Specifically, NERC proposes to add the following definitions as stated in the Glossary:

“Frequency Response Sharing Group” means a group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating resources required to jointly meet the sum of the Frequency Response Obligations of its members.**

“Regulation Reserve Sharing Group” means a group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply the Regulating Reserve required for all member Balancing Authorities to use in meeting applicable regulating standards.**

C. **Proposed Revisions to Appendices 5A and 5B of the ROP**

NERC also proposes to add Frequency Response Sharing Group and Regulation Reserve Sharing Group to Appendices 5A and 5B to support Reliability Standards by ensuring that these entities are reflected in the Organization Registration and Certification Manual (Appendix 5A) and Statement of Compliance Registry Criteria (Appendix 5B). These revisions are consistent with expectations at the time of FERC Order Nos. 794 and 810, as discussed in Section III.A above.
In particular, the following revisions are proposed in Appendix 5A (see Exhibit B):

- On page 1 under the section To Whom Does This Document Apply?, NERC proposes to add the following two rows to the chart:

<table>
<thead>
<tr>
<th>Entities that Must Register</th>
<th>Entities that Need to be Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency Response Sharing Group (FRSG)</td>
<td>√</td>
</tr>
<tr>
<td>Regulation Reserve Sharing Group</td>
<td>√</td>
</tr>
</tbody>
</table>

- On page 4 under the section Organization Registration – Entities Required to Register, NERC proposes to add the following two bullet points to the list:
  - FRSG
  - Regulation Reserve Sharing Group

The following revisions are proposed in Appendix 5B (see Exhibit C):

- On pages 6 and 7 under section II, NERC proposes to add the following two rows to the chart to incorporate Frequency Response Sharing Group and Regulation Reserve Sharing Group as defined in the Glossary:

<table>
<thead>
<tr>
<th>Function Type</th>
<th>Acronym</th>
<th>Definition/Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency Response Sharing Group</td>
<td>FRSG</td>
<td>A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating resources required to jointly meet the sum of the Frequency Response Obligations of its members.</td>
</tr>
<tr>
<td>Regulation Reserve Sharing Group</td>
<td></td>
<td>A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply the Regulating Reserve required for all member Balancing Authorities to use in meeting applicable regulating standards.</td>
</tr>
</tbody>
</table>

III. EFFECTIVE DATE

The proposed revisions are to be effective by October 31, 2016 to support implementation.

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10 Please note, Regulation Reserve Sharing Group is not associated with an Acronym in the Glossary. As a result, these proposed revisions do not use or create an acronym for Regulation Reserve Sharing Group.
of Reliability Standards BAL-003-1.1 and BAL-001-2. These standards became fully effective in 2016, and all compliance obligations will be phased-in on December 1, 2016. In particular, Requirement R1 of Reliability Standard BAL-003-1.1 will become subject to compliance on December 1, 2016. As noted in Section III.A above, BAs may be interested in forming Frequency Response Sharing Groups before that date. NERC’s requested effective date will provide one month for any Frequency Response Sharing Group to complete registration. This effective date provides sufficient opportunity for notice and comment as 77 days will elapse between the date of this filing and any order on October 31, 2016. These proposed revisions as just, reasonable, not unduly discriminatory or preferential, and in the public interest.

Respectfully submitted,

/s/ Candice Castaneda
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Senior Vice President and General Counsel
Holly Hawkins
Associate General Counsel
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Counsel for the North American Electric Reliability Corporation

Date: August 25, 2016
EXHIBITS A—D

(Available on the NERC Website at