

**Consideration of Comments on Initial Ballot of Interpretation for BAL-001-0 R1 and BAL-003-0 R3**

**Summary Consideration:** The stakeholder comments submitted with initial ballots on the Interpretation of BAL-001-0 — Real Power Balancing Control Performance Requirement 1 and BAL-003-0 — Frequency Response and Bias Requirement 3 did not indicate a need to make any modifications to the interpretation and no changes were made. The Interpretation will proceed to a recirculation ballot.

<b>Segment:</b>	1
<b>Organization:</b>	Duke Energy
<b>Member:</b>	Doug Hils
<b>Comment:</b>	Duke Energy agrees with the interpretation of the Resources Subcommittee which indicates that the WATEC procedure does not violate BAL-001-01 as long as raw ACE used for reporting of CPS compliance (and DCS) does not include the WATEC variable. To the extent that the interpretation requires the Balancing Authorities to calculate raw ACE differently than they had in the past, we would suggest that the WECC be provided some assurance by the WECC Balancing Authorities, perhaps a self-certification, that raw ACE is being calculated in accordance with the standards and the clarification provided in the interpretation.
<b>Response:</b> We agree that the calculation of all BA's CPS and ACE should be validated. In this case, the WECC provided procedural information that showed BAs were instructed to report CPS via raw ACE and control to a WATEC-adjusted ACE. Validation of ACE and CPS should occur as part of normal compliance audits.	
<b>Segment:</b>	6
<b>Organization:</b>	Xcel Energy, Inc.
<b>Member:</b>	David F. Lemmons
<b>Comment:</b>	Xcel Energy is concerned with the interpretation in that it appears that one region will require an ACE calculation that differs from the NERC ACE while all compliance will be determined with the NERC ACE. This causes the potential to violate the NERC standard while operating to the WECC operating requirement. This is an unreasonable position to be put in by the standards organizations. Anytime standards are in conflict with each other, the organizations subject to these standards are put in an untenable position. Reporting of compliance with the standards should be on the basis of the required operating basis. In this exact instance, with WECC requiring operation using a different ACE calculation, WECC entities should be reporting compliance based on the WECC ACE used for operation, not the NERC ACE. If NERC feels that the WECC ACE is not sufficient for reliable operation in meeting CPS and DCS, the the WECC members should not be asked to operate using this method. If NERC is not concerned with this issue, WECC entities should report compliance with CPS and DCS using the WECC ACE.
<b>Response:</b> CPS (as calculated via raw ACE) measures a Balancing Authority's impact on frequency. To measure CPS using another value, would misstate impact on reliability. There are many other similar situations where BAs operate with both a control ACE and a "CPS" ACE. Many BAs employ a different control ACE to pay back inadvertent, maximize CPS, do inadvertent payback when it makes financial sense, to minimize directional changes on generators, etc.. As long as impact on frequency is measured reported via raw ACE, all BAs are measured the same way to the same expectation. We understand WECC is going through the standards drafting process to formalize the WECC procedure as a NERC and FERC approved standard. Once this has occurred, the WATEC control ACE will also be the NERC reporting ACE.	

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<b>Segment:</b>	8
<b>Organization:</b>	Energy Mark, Inc.
<b>Member:</b>	Howard F. Illian
<b>Comment:</b>	My concern is with the possible interaction between the current NERC Standards (BAL-001) and the WECC Standard on ATEC. The WECC ATEC Standard does not have a compliance measure associated with it. Therefore, there is no way to insure that the standards will not conflict with each other. If WECC adds a compliance measure at a later date, it could result in a conflict that cannot be corrected without changing the WECC ATEC Standard. If this is necessary, this information should be made available now and considered as part of this interpretation.
<p><b>Response:</b> We view WATEC as a procedure (rather than a standard) that the WECC uses to achieve a comparability goal. WATEC reduces inadvertent balances and does payback when prices are generally the same. There is a measure associated with BAL-001, that being CPS. As long as BAs calculate and report their performance using raw ACE, their impact on reliability is measured. From a procedural standpoint, an interpretation of a standard is not the mechanism to add compliance elements. We recommend this suggestion be raised as the "Balancing Authority Controls (Project 2007-05)" goes through standard drafting. We understand WECC is going through the standards drafting process to formalize the WECC procedure as a NERC and FERC approved standard. Once this has occurred, the WATEC control ACE will also be the NERC reporting ACE.</p>	
<b>Segment:</b>	9
<b>Organization:</b>	California Energy Commission
<b>Member:</b>	William Mitchell Chamberlain
<b>Comment:</b>	This interpretation is important to allow those Interconnections that wish to use automatic time error correction to do so without fear of being sanctioned. The interpretation does not adversely affect any party in other interconnections.
<p><b>Response:</b> We agree. Similarly, other Interconnections could develop alternative Time and Payback procedures that achieve their respective objectives. Thank you for your comment.</p>	