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**Subject: Western Electricity Coordinating Council (WECC)
Request for Interpretation of NERC Standards BAL-001-01 and BAL-003-01**

Dear Gerry,

The Western Electricity Coordinating Council (WECC) requests an interpretation applicable to two current NERC Standard requirements: BAL-001-0, R1 and BAL-003-0, R3. Specifically, the WECC asks that NERC conclude and confirm that the WECC's Automatic Time Error Control Procedure (ATEC) does not violate NERC Standards. This interpretation would permit the continued use of WECC's Automatic Time Error Control Procedure (ATEC) within the Western Interconnection.

Currently, there is some concern within the Western Interconnection that compliance to ATEC would represent non-compliance to the NERC Standards identified above. The WECC is in the process of developing a NERC Regional Standard that would fully define the provisions of ATEC and make the process mandatory for Balancing Authorities in the Western Interconnection. However, the FERC approval of that Standard will most likely not occur until sometime in 2008. The requested interpretation would allow WECC to continue to utilize ATEC as a Regional Criteria until the proposed NERC Regional Standard is approved.

Interpretation Content

The requested interpretation will specifically allow the ATEC term to be included in the NI'_s term of the each Balancing Authority's ACE equation where:

$$NI'_s = NI_s - \frac{\Pi_{\text{Primary}}^{\text{on/off peak}}}{(1 - Y) * H}$$

NI_s = Net Interchange Scheduled (MW) in the NERC ACE equation.

$\frac{\Pi_{\text{Primary}}^{\text{on/off peak}}}{(1 - Y) * H}$ is the Automatic Time Error Correction

Background

Automatic Time Error Correction has been a reliable regional practice in the WECC since 2003. The procedure results in the elimination of accumulated Time Error and the continuous and equitable reduction of accumulated Inadvertent Interchange. ATEC is not a deviation from the ACE equation as defined in the NERC Standard BAL-001-0. The WECC currently interprets BAL-001-0 as a standard to report and evaluate control performance. ATEC does not inhibit tie line bias criteria. The Balancing Authority still maintains its Interchange Schedule and can respond to Interconnection frequency error. There is no violation of BAL-003-0 R3.

The Federal Energy Regulatory Commission (FERC) recently noted ATEC's effectiveness in minimizing both time error corrections and Inadvertent Interchange.¹ In addition, due to WECC's record of success with its Automatic Time Error Correction Procedure, FERC requested comments on whether it should request NERC to adopt similar Requirements.²

Recognition of the WECC ATEC process has not been limited to FERC. The North American Energy Standards Board (NAESB) viewed ATEC as one of two potential solutions to Inadvertent Interchange payback. Extensive discussion by industry stakeholders took place under the auspices of NAESB's Inadvertent Interchange Payback Practice Task Force (IIPTF). The NAESB IIPTF recognized that ATEC had already proven to be effective in the Western Interconnection. IIPTF also considered it an option that could be implemented on a North American-wide basis. However, the stakeholders represented by this NAESB effort could not come to consensus on any of the options being considered. The implementation hurdle faced by the IIPTF for the Western ATEC (WATEC) option was that it required 100% participation from all Balancing Authorities within the Interconnection. The task force was concerned that 100% participation may not be achievable in the Eastern Interconnection. In addition, the task force was of the opinion that because WATEC strictly used reliability parameters, it should be developed in the NERC reliability environment³.

The ATEC standard has been implemented by all BAs in the Western Interconnection. Although ATEC has been effective in reducing the time error corrections and Inadvertent Interchange, WECC has identified through recent surveys that some Balancing Authorities have not implemented ATEC correctly. WECC has notified these entities and is working with them to resolve their technical issues.

The impact of not receiving the requested interpretation of the NERC Standards BAL-001-0 and BAL-003-0, may result in some Balancing Authorities not participating in the ATEC standard. As previously stated, ATEC requires 100% participation of all Balancing Authorities in the Western Interconnection to be effective. Not operating to ATEC would be detrimental to the Western Interconnection.

¹ Mandatory Reliability Standards for the Bulk-Power System, Notice of proposed rulemaking, Nov. 3, 2006, Federal Register Docket No. RM06-16-000, paragraph 181.

² Ibid., paragraph 182.

³ Final IIPTF Report, Aug 4, 2005, can be downloaded from the NAESB website http://www.naesb.org/weq/weq_iiptf.asp

The WECC greatly appreciates your attention to this matter. If we can provide any additional assistance, please contact Steve Ashbaker at 801-883-6840.

Sincerely,

A handwritten signature in black ink, appearing to read "Louise McCarren". The signature is fluid and cursive, with a long horizontal stroke at the end.

Louise McCarren,
WECC Chief Executive Officer

Cc: Dave Taylor; Steve Cobb; Dave Hawkins; Steve Ashbaker