

Meeting Notes

Balancing Authority Controls SDT — Project 2007-05

October 9, 2008 | noon–5 p.m.

October 10, 2008 | 8 a.m.–noon

Four Points by Sheraton

Chicago, IL

1. Administration

a. NERC Antitrust Compliance Guidelines

Andy Rodriquez reviewed the antitrust guidelines with meeting participants.

b. Introduction of Attendees

The following members and guests were in attendance:

- Larry Akens, Chair
- Gerry Beckerle
- David Folk
- Will Franklin
- Bill Herbsleb
- Howard Illian
- Ken McIntyre
- Sydney Niemeyer
- Guy Quintin
- Kris Ruud
- Mark Thomas
- Guy Zito
- Andy Rodriquez

c. Approval of Agenda

The drafting team reviewed and approved the agenda.

d. Approval of Meeting Notes

The drafting team reviewed the meeting minutes from the previous meeting and approved them unanimously.

2. Update on Coordination Efforts — RBCSDT, FRSDT, and NAESB

Bill Herbsleb gave the SDT an update on the Frequency Response SDT. The FRSDT is collecting data so they can later develop a standard that specifies statistical methods for establishing appropriate Frequency Response. At this point, they will be measuring performance of generation and require explanations when entities cannot provide at least 75 percent mean annual performance (arbitrarily determined threshold, may be changed) of their frequency response. Each entities base Frequency Response will be based on interconnection frequency response (based on statistical analyses), multiplied by the CPS2 peak load divided by the Interconnection peak load.

Bill next gave an update on the work of the Reliability Based Control Standard Drafting Team. The field test this still ongoing and is essentially unchanged since its inception. It was discussed that there might be a need to look at some sort of ACE bound for transmission considerations (rather than just frequency). Currently, curtailments may be made on paper but result in no generation movements, provided the entity is still within its L_{10} . In other words, there is no connection between the curtailment of a tag and actual movement of a generator.

Andy and Larry presented an overview of the coordination efforts with NAESB. Some entities made informal comments on the NAESB Time and Inadvertent Management standards. NERC's comments included a request to that the Joint Coordination Process be invoked. NAESB responded that if such coordination was desired, a formal request should be submitted to do so. Andy provided the SDT with an overview of how the Joint Coordination Process works and how it would be requested. The SDT agreed unanimously that coordination would be good to pursue formally. Andy will pursue this with the appropriate "Executive Management." Additionally, as the NAESB standards are currently out for formal comment, Larry will draft comments that the members of the SDT may wish to review and sign on to. Larry has some concerns that the NAESB approach may result in some large schedule offsets when considered in the aggregate. Some entities have argued that each entity will have a small offset, but Larry argues that all those small offsets add up to some big differences. Larry also expressed concern about equity within the NAESB standard. The team discussed why financial settlement would be an ideal approach, but we might not be mature enough as an industry to do this. Howard pointed out that Unilateral should probably be OK, as long as you meet your performance criteria.

Andy briefly provided information on the NERC inadvertent balance tool. There was some discussion of moving this tool to NAESB. It was agreed that discussion on this topic was premature until we determine what we are doing with Inadvertent.

3. Review of Industry Survey Results (preliminary)

Andy Rodriguez provided a brief review of the current results on the Time Error Correction survey. Current support seems to be 75 percent in favor of eliminating

TECs. However, there are some comments that may need further exploration. The survey is still ongoing, and the final set of comments will be reviewed at the next meeting.

The SDT briefly reviewed the field test documents that would support the NAESB field test request. Howard asked whether we really want to do the field test if we are close to elimination of Time Error Corrections.

The SDT discussed the potential use of a field test on the elimination of Time Error Correction. Ken McIntyre pointed out that ERCOT might be a good test ground for eliminating TECs. As a single BA, it would be easy to coordinate any emergency responses to problems. As a separate interconnection, they are the Interconnection Time Monitor, and don't have to issue TEC's unless they choose to. The NAESB standards may not apply, as ERCOT is non-jurisdictional. In general, it was agreed that ERCOT would be a great "sand box" to test this out in. Guy Quintin also offered to do the same for Hydro Quebec. Andy will work with Ken to make sure ERCOT is covered with compliance.

4. Review of BAL-005 Draft

The SDT continued reviewing the changes to BAL-005 and made some edits to the draft standard.

5. Discussion of BAL-006

The SDT discussed Inadvertent. There was a review of FERC's direction regarding "large inadvertent balances." Larry indicated that he thought that assuming inadvertent is all "bad" was a bad direction to head, and we might want to go to FERC and suggest that their directive is going the wrong direction. Howard volunteered to send out some whitepapers from the Policy 10 Task Force and the NERC Inadvertent Interchange Task Force. Howard also suggested there are three basic phases of development:

- Our current state
- Splitting of the Frequency Component from the Schedule Component (but Howard is concerned that this will result in hard limits that incent the wrong behavior)
- Howard's automatic inadvertent payback proposal (although financial we be another option (perhaps the preferred option), it seems that the industry isn't ready to go there yet).

Howard suggests that we should ask FERC what their issue is, but noted they may not tell us. Then, we should develop a few options and see what FERC thinks we should do. David pointed out that this will give us feedback from staff, not from the Commission. Andy pointed out that if we give them multiple options, they may just pick the one that meets the most of their policy objectives, rather than

the one that is the best for reliability. The team reviewed the language in Order 693 related to large inadvertent balances. Some team members read this as “reduce the balances,” while others read it as “stop the behavior that leads to large balances.” There was some focus on the language regarding “measures and levels of noncompliance.” Some team members read this to mean that FERC is looking for limits on accumulation of inadvertent. Others read this to mean “the standards currently don’t have measures or levels of non-compliance; your next set should if you want them to be mandatory and enforceable.” Howard generally argues that while measuring control performance is a laudable goal, practically speaking, it will be difficult to accomplish, and that it makes more sense to develop an automatic inadvertent payback proposal, which may also benefit reliability. Sydney pointed out that some of these problems would be fixed by addressing large over-biasing that seems to be in effect in many areas. Larry indicated that we might be able to use CPS to identify if you were helping or hurting. It was also discussed that if we have a standard here, we will need to consider the potential need for dispute resolution between counterparties — WEC has something like this. We need to make sure we have a way to get these resolved quickly. There is a need to make sure the schedules are balanced, so we can’t evaluate the metering accuracy. Perhaps this will need to be a NAESB standard, since much of it is resolving schedules? Not sure, as it may be more work to split this than address it.

6. Discussion of BAL-002

The SDT has not yet addressed this in detail, so Larry requested we have some discussion here. SERC is already in the progress of developing a regional standard on this issue. FERC indicated that they wanted us to look at a “continent-wide contingency reserve policy,” as well as including DSM resources. Gerry says the main problem is that there are no basic building blocks. In the past we talked about three types of reserves- regulating reserves, contingency reserves, and frequency responsive reserves. Sydney noted that ERCOT has a requirement that you can only account 20 percent of your reserves on a single resource (i.e., you must have a least 5 resources providing reserves).

DCS measures if a BA carried appropriate reserves — but it is an indirect measure of reliability. At the end of the disturbance recovery, you have recovered the scheduled frequency, but this does not mean you can recover from the next contingency. Howard suggests we should measure more directly. Because we have larger and larger reserve sharing groups, the “recovery” results in less and less people that are not responding to the event having reserves to cover any unforeseen events that those in the sharing group cannot respond to. Howard proposes that we should have a three step response:

- 0 — Event
- 1 — Recover frequency
- 2 — Restore frequency responsive reserves

3 —Restore contingency reserves

This would mean we'd need to quantify frequency responsive reserves and contingency reserves, as well as make the BA responsibility for dispatching reserves as appropriate within some period of time, so that we are able to respond to the next event.

However, some entities prefer the looseness of the current standard. By indirectly measuring reliability through DCS, it focuses on performance during an event, rather than preparedness for an event. SERC seems to like this approach, and this may be politically difficult to change, as it will create more costs with regard to measurement and compliance.

7. Assignments and Action Items

- Andy will update the BAL-005 draft and distribute to the team (done on October 22)
- Andy to find BA-Certification requirement for 99.95 percent
- Andy to formally request joint coordination with the TIM_TF
- Andy and Ken to determine if ERCOT will need exceptions to move forward with a field test of halting TECs
- Howard to provide white papers on “Good” vs. “Bad” Inadvertent

8. Future Meetings (Not yet Confirmed)

January 14–15 from 8 a.m.–5 p.m. and 8 a.m.–noon in Dallas, TX

February — Montreal or Quebec City

March — Little Rock — Tentative

9. Adjourn

The drafting team adjourned on Friday, October 10, 2008.