

Team Meeting Notes

Project 2010-14.2 Resource and Demand Balancing (BARC 2) Periodic Review Team

December 11, 2013 | 1:00 p.m. to 5:00 p.m. Eastern
 December 12, 2013 | 9:00 a.m. to 5:00 p.m. Eastern
 December 13, 2013 | 8:00 a.m. to 12:00 p.m. Eastern

Administrative

1. Introductions

NERC staff initiated the meeting and reviewed the NERC Antitrust Compliance Guidelines, Public Announcement, Participant Conduct Policy, and Email List Policy. NERC staff thanked all members and observers for participating on the call and led group introductions. The following members and observers participated:

Name	Company	Member/ Observer	In-Person/ Conference Call
Doug Hils, Chair	Duke Energy	M	In-Person
Tom Siegrist, Vice Chair	Brickfield Burchette Ritts and Stone, PC	M	In-Person
Ron Carlsen	Southern Company	M	Conference Call
Howard Illian	Energy Mark	M	Conference Call
Mike Potishnak	Representing NPCC	M	In-Person
Jerry Rust	Northwest Power Pool	M	In-Person
Glenn Stephens	Santee Cooper	M	In-Person
Mark Trumble	Omaha Public Power District	M	In-Person
Robert Blohm	Keen Resources Asia Ltd.	O	Conference Call
Kenneth Goldsmith	Alliant Energy	O	In-Person
Adam Guinn	Duke Energy	O	Conference Call
Wayne Harcourt	Duke Energy	O	In-Person
Marcelo Pesantez	Duke Energy	O	In-Person

Name	Company	Member/Observer	In-Person/Conference Call
Tom Pruitt	Duke Energy	O	Conference Call
Laura Anderson	NERC	M	In-Person
Sean Cavote	NERC	M	In-Person
Mallory Huggins	NERC	M	In-Person
Darrell Richardson	NERC	O	Conference Call
Syed Ahmad	FERC	O	In-Person

2. Review Meeting Agenda and Objectives

- a. Chair Doug Hils reviewed the meeting agenda. He noted that the agenda is ambitious and is intended to serve more as a roadmap for the Project 2010-14.2 Resource and Demand Balancing (BARC 2) Periodic Review Team’s (PRT) next steps, rather than contain a strict list of items that must be accomplished in Cincinnati. Doug also explained that the PRT would conduct the periodic review holistically and by working in sub teams tasked with developing preliminary recommendations specific to each discrete standard. He explained that although the PRT would work in sub teams to develop preliminary recommendations on BAL-004, -005, and -006, the entire PRT would first consider and discuss all three standards before breaking out into sub teams to develop preliminary recommendations for the PRT’s consideration.

Agenda Items

1. Periodic Review Overview

- a. NERC staff reviewed the periodic review process, reminding the PRT that its obligation is to develop a recommendation to reaffirm, revise, or retire BAL-004, BAL-005, and BAL-006. NERC staff explained that the PRT should be prepared to develop a Standard Authorization Request, and possibly a standard redline, if it is proposing a revision or retirement. These supporting documents will help the industry better understand the changes proposed by the PRT.

2. BARC Phase 1 Overview and Update

- a. NERC staff provided an overview of the work of 2010-14.1 Phase 1 of Balancing Authority Reliability-based Controls: Reserves. NERC staff noted that BAL-001-2 was adopted by the NERC Board of Trustees on August 15, 2013, and BAL-002-2 was posted for comment and ballot while the PRT was meeting. The BARC 1 team had also originally proposed BAL-013-1 to ensure that the Balancing Authority is able to balance resources and demand and return the ACE to within the defined limits following a Large Loss of Load Event. The BARC 1 team ultimately determined, however, that BAL-013-1 was not needed as the ACE recovery subsequent to a

large loss of load would be covered by the recently-approved Balancing Authority ACE Limit in NERC Standard BAL-001-2.

3. Review Action Plan

- a. NERC staff reviewed the PRT's Action Plan, which proposes meeting in person and via conference call(s) through February 2014, and then posting the PRT recommendations for a 45-day comment period in mid-February 2014. Ideally, after the comment period, the teams will respond to comments, develop final recommendations, and submit those recommendations to the Standards Committee in April 2014.

4. Discuss NAESB Interplay

- a. NERC staff explained that discussion surrounding some of the standards may involve a review of some NAESB standards, which are typically only accessible to NAESB members. NERC is working with NAESB to determine if there would be a way to make any related NAESB standards accessible on a limited basis for both the team and for industry stakeholders who are not NAESB members. No such limited access is possible yet, but NERC will keep the PRT apprised of its discussions with NAESB with respect to this access.

5. Discuss Survey and Periodic Review Template Results

- a. BAL-004-0 – Time Error Correction
 - i. NERC staff reviewed the history of BAL-004 and the comments received from the ERO CEA Auditors and the PRT members on BAL-004-0. About half of the team believes that BAL-004 is not necessary for reliability and should be retired. The other half of the team believes that while BAL-004 may not be necessary for reliability, it does not harm reliability enough to be worth the challenge of eliminating Time Error Correction. Doug Hils proposed a possible solution of documenting why the standard is not necessary for reliability *in addition* to developing a revised standard that could be used in the event that the industry does not support the retirement of BAL-004-0. This was proposed for later discussion in the sub team breakout session.
- b. BAL-005-0.2b – Automatic Generation Control
 - i. NERC staff reviewed the comments received from the ERO CEA Auditors and the PRT members on BAL-005-0.2b. The PRT commented on and made preliminary recommendations on the 17 requirements, and planned to discuss them further in the sub team breakout session.
- c. BAL-006-2 – Inadvertent Interchange
 - i. NERC staff reviewed the comments received from both the ERO CEA Auditors and the PRT members on BAL-006-2. The PRT determined that much of BAL-006-2 may be

eligible for retirement, and requirements not retired may be logically merged with BAL-005-0.2b. This was proposed for later discussion in the sub team breakout session, with the acknowledgement that the BAL-006 and BAL-005 sub teams may need to merge.

6. Sub Team Breakout Sessions

a. BAL-004-0 – Time Error Correction

- i. Collectively, the BAL-004 sub team does not believe that Time Error Correction supports reliability. Sub team members emphasized that if all Reliability Standards are executed correctly, Time Error Correction is unnecessary – in other words, BAL-004 simply seeks to correct errors made when other Reliability Standards are not executed correctly. Still, the sub team recognizes that that stopping Time Error Correction has proved challenging in the past, and the industry may not believe that eliminating Time Error Correction is worth the education effort that would be required outside the industry. Because of this, the BAL-004 sub team developed two possible recommendations with respect to BAL-004, both of which would require coordination with the BAL-006 sub team:
 1. The first option is to retire BAL-004 and implement Automatic Inadvertent Payback continent-wide. This could include the implementation of Automatic Time Error Correction (ATEC) continent-wide, as doing so would be relatively easy once Automatic Inadvertent Payback is implemented, but whether ATEC is implemented should depend on whether the PRT and the industry believe that there is any reliability value in continuing to perform Time Error Correction.
 2. The second option is to revise BAL-004 to minimize the reliability impact with a much smaller, longer offset and eliminate the burden on the Time Monitor and implement Automatic Inadvertent Payback
- ii. The BAL-004 sub team believes it would be beneficial to present these two options to the industry informally before posting a recommendation for formal comment. The sub team is exploring the option of hosting one or more technical conferences via webinar in the next four weeks.

b. BAL-005-0.2b – Automatic Generation Control

- i. The BAL-005 sub team reviewed the preliminary recommendations made by the full PRT, and addressed Paragraph 81 retirements for which recommendations could be easily finalized. Because BAL-004 and BAL-006 finished their sub team work more quickly, the full PRT reconvened to begin reviewing each BAL-005 requirement in detail to determine if each should be revised, retired, or moved to another standard. That work will continue in upcoming meetings.

c. BAL-006-2 – Inadvertent Interchange

- i. The BAL-006 sub team reviewed all requirements in the standard and proposed a mix of revision and affirmation for each.
- ii. The BAL-006 sub team conducted extensive discussions regarding FERC directives associated with the requirements.
- iii. The BAL-006 sub team recommends a review with the BAL-005 sub team for potential opportunity to merge requirements within these two standards.

BAL-006-2 Requirement	Recommendation	Discussion Notes
Requirement R1	Retain	A board presentation was made (and photographed) regarding a possible method to address FERC directive
Requirement R2	Revise	Physical measurements related to pseudo-ties should be included in this requirement
Requirement R3	Retain	This requirement is necessary and should be retained or covered in another standard. (Possibly revise language in BAL-005, Requirement 12.1)
Requirement R4	Revise	Merge R4 and its subrequirements (R4.1, R4.1.1, R4.1.2, R4.2 and R4.3) into a single standard. Add a Rationale Box, with the possible language, “This business process needs to be done in a consistent and timely manner to meet the FERC directive of addressing large inadvertent accumulations that may represent abuse.”
Requirement R5	Revise	Although a business process, R5 addresses FERC directive. The last sentence of this requirement is Operational, as there needs to be a process for correcting discrepancy

7. Next Steps

- a. While some of the sub teams began to develop draft redlines to their standards that reflect proposed changes, no proposed redlines have been finalized. The PRT is still developing its recommendation, and will finalize them in upcoming meetings. The recommendations will

likely result in one or more Standard Authorization Request(s), and possible the merger of some or all of the standards.

- b. The PRT will meet by conference call in late December or early January, mainly to complete its initial review of BAL-005, and has tentatively scheduled in-person meetings for January 15-17, 2014 and February 4-6, 2014 to continue work on its recommendations. Team members are exploring location options on the East Coast. The goal is to finish the recommendations in time for a mid-February posting for comment.

8. Future Meeting and Action Dates

- a. January 15-17, 2014 in Atlanta, Georgia
- b. February 4-6, 2014 in Charlotte, North Carolina (if required)

9. Adjourn

- a. The meeting was adjourned at 11:30 a.m. Eastern on December 13, 2013.