

**Individual or group. (63 Responses)**  
**Name (36 Responses)**  
**Organization (36 Responses)**  
**Group Name (27 Responses)**  
**Lead Contact (27 Responses)**

**IF YOU WISH TO EXPRESS SUPPORT FOR ANOTHER ENTITY'S COMMENTS WITHOUT ENTERING ANY ADDITIONAL COMMENTS, YOU MAY DO SO HERE. (22 Responses)**

**Comments (63 Responses)**  
**Question 1 (34 Responses)**  
**Question 1 Comments (41 Responses)**  
**Question 2 (32 Responses)**  
**Question 2 Comments (41 Responses)**  
**Question 3 (34 Responses)**  
**Question 3 Comments (41 Responses)**  
**Question 4 (30 Responses)**  
**Question 4 Comments (41 Responses)**  
**Question 5 (27 Responses)**  
**Question 5 Comments (41 Responses)**  
**Question 6 (25 Responses)**  
**Question 6 Comments (41 Responses)**  
**Question 7 (0 Responses)**  
**Question 7 Comments (41 Responses)**  
**Question 8 (0 Responses)**  
**Question 8 Comments (41 Responses)**

Individual
John Bee
Exelon Corporation and its affiliates
No
<p>R1.6: Responsible entity must have in the documented reserve policy required by R1: The ability of the responsible entity's System Operator(s) to determine, on at least an hourly basis, that the responsible entity has sufficient Regulating Reserve. --This leaves too much vagary as to what constitutes sufficient Regulating Reserve. Given that R1.1 establishes a requirement for the entity to determine its regulating requirement, R1.6 should reference R1.1, to clarify that it is within the context of the entity-developed "documented reserve policy" that the notion of "sufficient Regulating Reserve" finds its answer. Without so clarifying, a responsible entity is left vulnerable to subjective, external, and after-the-fact analysis of its regulating reserve sufficiency. Similarly, all other requirements referencing "Regulating Reserve" or regulating needs, must reference R1.1. This also has applicability in R2, which covers the implementation of the policy established in R1. Proposed language: The ability of the responsible entity's System Operator(s) to determine, on at least an hourly basis, that the responsible entity has sufficient Regulating Reserve as established in R.1.1 R3 and its sub requirements need consideration similar to that indicated for R1, R1.6, etc. above. R3.4, inclusion of the following in consideration of its contingency reserve policy: "A prohibition against counting toward the responsible entity's Contingency Reserves any capacity which is already included in another responsible entity's Regulating, Contingency, or Frequency Responsive Reserve policy. " -- This should be restated such that intentional counting of capacity already included in another entity's policy is prohibited. If it is left as written, an entity could be found in violation of this standard due to another entities violation. While it is clear that "double counting" of capacity is detrimental to the system, it is not a reasonable expectation to hold entities responsible for the actions of another entity. If an entity, in good faith, counted in its reserve calculations an amount of capacity which was unbeknownst to that entity, being used by another entity in its calculation, this would result in a violation for both entities, which does not seem a reasonable response. This also has applicability in R4, which covers the implementation of the policy established in R3. R3.5 needs to take into consideration the existence of Generation Only Balancing Authorities, for which a Loss of Load Event should not be a consideration in this requirement. Without that specification, entities are left open to</p>

purely clerical violations of the requirement (a gen only BA failing to state, in its document, that it does not have load, and therefore does not have to consider Loss of Load events), with no value added to the reliability of the system. R5.1 needs a reference to the standard in which FRO is established and determined, to clarify the origin of this value. R5 generally, needs the same considerations as raised in responses to R1-4, above.

Yes

Yes

R8, needs to provide reference for the origin of Reserve Requirements, be those found in an entity's documents drafted in consideration of R1-5, of contained within standards outlining FRR requirements. This general sentiment prevails throughout the standard as drafted, where the language indicates that it is the entity's role to self-determine reserve requirements and methodologies within the respective control documents outlined in the above requirements. In order for entities to be sufficiently equipped to ensure compliance, the standard must clarify EITHER that the entity determines those reserve levels, or that the requirements contained herein specify the origin of those values, so that entities have the appropriate references to make those determinations.

Yes

Yes

Yes

Under Applicability, the language indicates that a BA with membership in a RSG is not the responsible entity. I believe that, in light of the following applicability statements covering RRSGs and FRSGs, this is intended to extend and limit applicability only under pertinent sections of the standard; i.e. an RSG member is not insulated from responsibility for Frequency Response or Regulating Reserve elements of the standard by virtue of participation in an RSG. The language, however, is misleading, indicating that active membership in an RSG, RRSR, or FRSG alone place an entity outside of the applicability of the entire standard. Further clarification is warranted.

Group

Northeast Power Coordinating Council

Guy Zito

No

The FERC Directive asks for the development of a continent-wide policy, which is a continent-wide standard. Stipulating that each entity has to have a policy to demonstrate how to meet reserve requirements does not meet this Directive as this will be effectively a fill-in-the-blank standard, which the ERO and FERC are trying to eliminate. Further, as stipulated in the Standard, the parts that are required to be included in the policy--may it be for the Regulating Reserve, Contingency Reserve or Frequency Response Reserve, are intended to demonstrate the "How's", not the "What's". We disagree with this approach, and propose that the Standard itself should specify the "What's", such as: - the performance target for frequency regulation (within what range); - the performance target for ACE recovery from a contingency (when and within what range); - the performance target for frequency recovery following an event (when and within what range) and leave the "how to" meet these targets to the responsible entities, including how to determine the reserve need, the ways to replenish the reserve that's already used for meeting these performance targets after an initiating event, etc. For so long as the responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation, etc. are irrelevant. The amount of reserve and how to provide the required amount are irrelevant for so long as the performance targets are met. The Standard should be redesigned accordingly. If the relevant performance targets already are, or are to be stipulated elsewhere, then we do not see the need for BAL-012.

No

As indicated in the comments to Question 1, there is no need for a standard that stipulates the

requirement for responsible entities to have a policy with which to specify the "how to". Requirements R2, R4 and R6 simply require the responsible entities to implement this "how to" policy, which in do not rise up to the level of continent-wide reliability standards. These requirements are also not needed. Notwithstanding the above, the wording in Requirements 2, 4 and 6 is unclear as to the deficiencies that need to be corrected. It is not clear whether the deficiency is in the amount of reserve or is it the deficiency in the policy.

No

As indicated in the comments to Question 1, the Standard should specify the performance targets for frequency regulation, ACE recovery and frequency recovery. For so long as the responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation and the amount of reserve and how to provide the required amount are irrelevant. This requirement is not needed.

No

There is no need to define this term if the Standard is revised to one that stipulates the regulation and recovery requirements.

No

VRFs cannot be agreed to when the Requirements proposed in the Standard are not agreed to.

No

VSLs cannot be agreed to when the Requirements proposed in the Standard are not agreed to.

Refer to the response to Question 1. Propose that the SDT revise this Standard to stipulate the "What's", i.e., the performance targets for frequency regulation, ACE recovery and frequency recovery. If such performance targets are already or to be stipulated elsewhere, then BAL-012 is not needed.

In all the requirements except R7, "responsible entity" is used. What is a responsible entity? What the entity is must be specified. The requirements must be written in accordance with the guidance stipulated in NERC's Drafting Team Guidelines, which states on its page 29: "Each requirement should answer: "What functional entity is required to do what, under what conditions and to what level, for what key result?"... Each requirement must: • Include the name of the responsible functional entity or entities..." Also, from NERC's Background Information For Quality Reviews page 4: "Requirements should have the following characteristics: • Each requirement must identify what functional entity shall do what..."

Individual

Tom Siegrist

EnerVision, Inc.

Yes

Yes

Yes

Yes

Yes

Yes

Individual

Robert Blohm

Keen Resources Asia Ltd.

Yes
Please correct TYPOS in the Background Document: 1. Delete comma on page 4, second last sentence of second-last paragraph of the Introduction section, making it "Group may", not "Group, may". 2. In 1.4, 3.4, 5.3 it should be "entity's", not "entities", to correspond to the correct wording in the Standard document itself.
Individual
Alice Ireland
Xcel Energy
MISO
Xcel Energy supports the comments made by MISO on this project. In addition, Xcel Energy believes that as written, BAL-012 is a documentation standard and will not provide much benefit for reliability of the Bulk Electric System. We have two main issues that are driving our negative ballot, and our recommendation that this standard be abandoned: 1) In order for an entity to ensure adequate performance under Reliability Standards BAL-001, BAL-002 and BAL-003, a certain level of planning is required. So, we believe adequate planning for reserve obligations is already occurring, and there is no gap this standard would be filling. 2) We do not believe that FERC directed NERC to develop a standard in this case. Instead, FERC directed that a continent-wide POLICY be developed. Obviously there are multiple ways to address this, but we think the SDT may have missed the objective with this draft standard. The result of this standard, as currently drafted, will be that each applicable entity have their own reserve policy. This does not seem responsive to the FERC directive, and is instead creating a new standard with little or no benefit to reliability.
Group
Dominion
Connie Lowe
Agree
SERC Operating Committee (OC), PJM and NPCC
Individual
David Jendras
Ameren
Agree
(1)MISO and (2)Duke Energy

Group
Duke Energy
Greg Rowland
No
<p>With respect to R1.3 and R3.3, from the perspective of a reserve sharing group, the responsible entity would be able to gather transaction information for its member BAs and assess the group's net exports and imports with non-members, however those exports and imports would only be with external Balancing Authorities per the Interchange Standards. Duke Energy would suggest the following changes to R1.3 and R3.3: "1.3. Consideration of the energy exports and imports with adjacent Balancing Authorities, including an assessment of the ability of the resources within the responsible entity to meet the net ramping requirements associated with these transactions." "3.3. Consideration of the energy exports and imports with adjacent Balancing Authorities." With respect to R1.4, R3.4, and R5.3, Duke Energy agrees with the concept of not allowing the same amount of reserve capacity to be double-accounted as long as this standard does not require the BA to identify all capacity capable of automatically responding to frequency deviations as "Frequency Responsive Reserve". Duke Energy is concerned that these requirements could be interpreted to require any margin of frequency responsive capacity to be considered "Frequency Responsive Reserves" and require additional capacity to be set aside for Regulating and Contingency Reserves. In addition, Duke Energy believes that BAL-002 R2.6 should be removed, as it is covered by the more extensive requirements under this Standard. With respect to R1.5, R3.6 and R5.5, Duke Energy believes that the words "operating time horizon" should not be subject to interpretation, and suggests that the responsible entity should be allowed to define the period which will be reviewed in its operations planning. Duke Energy suggests the following changes: 1.5. A review of the responsible entity's Regulating Reserve for the operating time horizon as defined by the responsible entity. 3.6. A review of the responsible entity's Contingency Reserve for the operating time horizon as defined by the responsible entity. 5.5. A review of the responsible entity's Frequency Responsive Reserve for the operating time horizon as defined by the responsible entity. With respect to R1.6, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly for the System Operator. Duke Energy would appreciate clarification as to which interpretation applies. With respect to R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Duke Energy would suggest that R1.6 would have the criteria for determining when Regulating Reserve is deficient, which may be a different threshold than used in day-ahead planning, or in the previous hour, and R1.7 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time. Duke Energy proposes the following: "1.7. The criteria for restoring depleted Regulating Reserves." With respect to R3.2.1, "Balancing Contingency Event" is undefined and should be included in this standard's definitions. With respect to R3.2.2, "And" should be removed. With respect to R3.3, would it be acceptable if the responsible entity simply states in its Policy that energy import and export schedules with adjacent Balancing Authorities are fully addressed in the Regulating Reserve assessment? With respect to R3.5, Duke Energy believes that the proposed BAAL under the draft BAL-001 will address any significant loss of load event that causes the Balancing Authority to exceed its BAAL, and does not support the development of BAL-013. As such, Duke Energy would support language in R3.5 requiring the responsible entity to address its response to a large loss of load based upon a criteria determined by the responsible entity and not predetermined by a draft Standard not yet accepted by the industry. Duke Energy suggests the following: "3.5. The responsible entity's planned response to a large loss of load as defined by responsible entity." With respect to R3.7, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly for the System Operator. Duke Energy would appreciate clarification as to which interpretation applies. With respect to R3.8, similar to our concern in R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Duke Energy would suggest that R3.8 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time: "3.8. The criteria for restoring depleted Contingency Reserves." With respect to R5.6, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly</p>

for the System Operator. Duke Energy would appreciate clarification as to which interpretation applies. With respect to R5.7, similar to our concern in R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Duke Energy would suggest that R5.7 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time: "5.7. The criteria for restoring depleted Frequency Responsive Reserves.

Yes

No

As this Standard leaves the possibility that a BA could be a member of multiple reserve sharing groups, we believe that all BAs must be the Responsible Entities to R8, otherwise each type of reserve sharing group would be individually responsible for gathering such information. Duke Energy suggests the following: "R8. Each Balancing Authority shall have a policy that requires the total capability of resources designated to provide Regulating Reserve, Contingency Reserve and Frequency Responsive Reserve to be at least equal to the amount required under the Balancing Authority's policy to meet all reserve requirements concurrently prior to deploying any such resources." Notwithstanding our suggested revision to R8 above, we believe we understand what is meant in the statement "prior to deploying any such resources", however the requirement could be worded more directly - Duke Energy suggests the following: "R8. Each Balancing Authority shall have a policy that prohibits the Balancing Authority from allowing any amount of capacity set aside for a reserve type (Regulating Reserve, Contingency Reserve, or Frequency Responsive Reserve) to count as capacity for any other reserve type concurrently. "

Yes

Duke Energy agrees with the Time Horizon of Operations Planning but believes that some of the standard requirements could be misinterpreted as being applicable in the operating time horizon and real-time tracking would be necessary to demonstrate implementation. Duke Energy supports the suggested measures that should keep the focus of compliance on the development of the policies with the necessary elements required, the periodic review of the policies implemented, and so on, however it be helpful for the standard drafting team to emphasize in its response to comments, that this standard is not to be interpreted in any other manner other than as a standard applicable to "Operations Planning".

Yes

No

Although we support the overall structure of the VSLs, R7 refers to Reserve Sharing Group, Regulation Reserve Sharing Group and Frequency Response Sharing Group. These groups are not included in the NERC Compliance Registry or NERC functional Model. Please see our comments on this issue in Question # 8 below.

In addition to our suggested modifications above, Duke Energy provides the following: Applicability Section: The Applicability could be confusing - if a BA falls under 4.1.1, 4.1.2 or 4.1.3, it could be interpreted that all requirements in the Standard are applicable to the BA. 4.1.1 is specific to Reserve Sharing Group activities, if the BA is not in "active status", then the BA is the Responsible Entity for R3 and R4, but may not be for R1, R2, R5 and R6. Duke Energy would suggest the following changes: 4.1.1 Applicable to Requirements R3 and R4, a Balancing Authority that is a member of a Reserve Sharing Group is the responsible entity only in periods during which the Balancing Authority is not in active status under the applicable agreement or governing rules for the Reserve Sharing Group. 4.1.2 Applicable to Requirements R1 and R2, a Balancing Authority that is a member of a Regulation Reserve Sharing Group is the responsible entity only in periods during which the Balancing Authority is not in active status under the applicable agreement or governing rules for the Regulation Reserve Sharing Group. 4.1.3 Applicable to Requirements R5 and R6, a Balancing Authority that is a member of a Frequency Response Sharing Group is the responsible entity only in periods during which the Balancing Authority is not in active status under the applicable agreement or governing rules for the Frequency Response Sharing Group." Similarly, to address the appropriate applicability for the sharing groups, Duke Energy would suggest the following changes: 4.2. Applicable to Requirements R3 and R4, Reserve Sharing Group 4.3. Applicable to Requirements R1 and R2, Regulation Reserve Sharing Group 4.4. Applicable to Requirements R5 and R6, Frequency Response Sharing Group It is not clear

how Balancing Authorities provided or receiving Overlap Regulation Service should be treated under this proposed standard. Is it the intent of the standard drafting team for this standard to be applicable to both? Duke Energy believes that the implementation period is too aggressive. Balancing Authorities today are meeting the results-based BAL-001 and BAL-002 standards, as they will be capable of meeting the newly-approved BAL-003 Frequency Response Standard, without some of the elements presented in this draft planning standard. Enhancing the ability for assessment of the individual reserve types and concurrent use as depicted in the standard, including Requirement R8, will require not-yet-determined vendor modifications to EMS systems and other tools that will not be undertaken until there is certainty that this standard is moving forward. Duke Energy would support the implementation time being extended to at least 18 months to accommodate a still-aggressive implementation that will require support by vendors stretched to meeting the needs of all of the Balancing Authorities and sharing groups across the industry at the same time.

Duke Energy would appreciate the Standard Drafting Team's opinion on the following: A Balancing Authority in a Reserve Sharing Group has a margin of its capacity designated as RSG Contingency Reserves. A portion of that BA's Contingency Reserves are frequency responsive, but not designated as "Frequency Responsive Reserves" - in this way, there would not be double-accounting of the same capacity under the proposed Standard. Considering the amount of response already capable of being provided from its load and Regulating Reserves, along with its share of the RSG Contingency Reserves, the BA determines the amount of additional response needed from online capacity, or non-traditional resources, to be designated "Frequency Responsive Reserves". As long as the Standard does not prohibit this approach for the BA defining its Policy on reserves, Duke Energy can support R1.4, R3.4 and R5.3. Does the Standard Drafting Team agree that this is an acceptable approach to meeting this Standard? Though Duke Energy supports the capability to form or join a "Frequency Response Sharing Group" or "Regulation Reserve Sharing Group", we are concerned about a few issues by their inclusion in this standard: a) Does NERC intend to change its Compliance Registry Criteria to include the new sharing groups? b) Does NERC need to file anything with FERC to recognize such responsible entities? c) Under the current standards development rules, do the new groups need to be first included in the NERC Reliability Functional Model before they can be included in a Reliability Standard? d) Does a "Frequency Response Sharing Group" or "Regulation Reserve Sharing Group" have to be formal entity, or can it be an agreement between Balancing Authorities holding the BAs responsible for performance similar to how some Contingency RSGs were formed? e) Do entities sharing resources under a Supplemental Regulation Service agreement now have to formalize their agreement by forming a "Regulation Reserve Sharing Group"? If not, then why does the standard drafting team believe this standard should now create this new entity? f) Similarly, does this standard prohibit Balancing Authorities from sharing Regulating Reserves, Contingency Reserves, or Frequency Responsive Reserves, without forming one or more reserve sharing groups? Duke Energy would suggest capitalizing "Regulating Reserves" in the following definition: "Regulation Reserve Sharing Group: 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."

Group

Platte River Power Authority

Deb Schaneman

Agree

Xcel Energy

Individual

jonathan

appelbaum

Yes

Yes

Yes

Yes
No
R2, R4, and R6 that implement the Policy via FFT should be Medium. Reserves have a purpose to respond to contingencies and maintain the capability of the electric system. Not implementing the Policy will impact the electric system but not cause a cascade.
Yes
Group
Tennessee Valley Authority
DeWayne Scott
Agree
SERC OC Standards Review Group
Individual
Kayleigh Wilkerson
Lincoln Electric System
Agree
MRO NERC Standards Review Forum (NSRF)
Group
Seattle City Light
paul haase
No
Resulting Standard introduces too many new concepts that are not sufficiently defined. It does not matter if they are part of a policy or a plan, they are just not clear enough.
No
Seattle City Light applauds the drafting team for considering some of the compliance concepts now available. However, please try harder to avoid hybrid compliance approaches in which some requirements use FFT methodology, some use "non-zero defect" approaches, etc. The resulting complexity requires too much time to be spent on back-office compliance practices that detract from efforts to improve reliability. A high-quality Standard will not require such a hodge-podge of approaches, and should not dictact how it is to be audited and policed.
No
existing Standards (BAL-002, etc) that address reserve requirements are much more clear.
Seattle City Light believes that while requiring that Balancing Authorities have some methodology to properly plan and account for responsive unloaded capacity is a laudable idea, this standard goes well beyond those good intentions. The existing BAL-002 standard of dictating that a Balancing Authority maintains enough reserves to recover from the most severe single contingency is a clear cut measure. It is measured every time a Balancing Authority or Reserve Sharing Group files a disturbance report. This essentially covers R1 through R4 of the proposed standard without introducing onerous requirements or ambiguous language such as, "Balancing Contingency Event." Additionally, the reserve requirements needed to provide proper load following across an hour of operation are accounted for in various other standards addressing control performance and interchange. The idea of Frequency Responsive Reserve is introduced in R5 through R7. The definition given in the standard is not technical enough to provide proper measures. For instance, the term

"automatically" does not necessarily mean "immediately" or "timely." Actual Frequency Response is currently measured many times a year through frequency response surveys. Seattle City Light believes the best way to ensure Balancing Authorities are providing proper and proportional support of system frequency is through more technically specific requirements and measures for frequency response to system disturbances and control performance.

Individual

Richard Vine

California Independent System Operator

Agree

The California ISO has signed on with the comments provided by the SRC (ISO/RTO Council).

Individual

Don Jones

Texas Reliability Entity

[Empty rows]

Texas RE voted "affirmative," however we have a concern with the current draft: The Applicability section includes several entity types as responsible entities that are not included in the functional model and not registered entities. As the CEA, it is not clear how (and under what authority) we can audit a "Reserve Sharing Group," etc., and if there is a violation it is not clear who (and under what authority) we can impose a sanction on. We understand a similar approach was taken in BAL-003-1, and we have the same concerns with that standard.

Individual

Anthony Jablonski

ReliabilityFirst

No

ReliabilityFirst abstains and offers the following comments for consideration: 1. Requirement R1, Part 1.2 a. ReliabilityFirst believes the term "regulating needs" in Requirement R1, Part 1.2 is still unclear and ambiguous. ReliabilityFirst recommends the following for consideration: "The method for determination of the responsible entity's regulating requirement needs."

No

ReliabilityFirst abstains and offers the following comments for consideration: ReliabilityFirst believes the internal control language (i.e., "...that identifies, assesses, and corrects..."), as outlined in Requirement R2, R4 and R6, is very subjective from an auditing perspective. Evaluation of the internal controls should be outside of the standard language but rather used in determining the risk posed and therefore the level of monitoring indicated, for a specific registered entity.

[Empty rows]

No

ReliabilityFirst offers the following comments for consideration regarding the VSLs: 1. Requirement R2, R4 and R6 VSL a. ReliabilityFirst believes the VSLs for Requirement R2, R4 and R6 are not meeting the intent of FERC VSL Guideline #3 "Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement." The "assess" piece is missing from each of the VSLs. As an example for Requirement R2, ReliabilityFirst recommends the following for consideration: "The Responsible Entity identified and assessed a deficiency in its Regulating Reserve policy but failed

to correct the deficiency." 2. Requirement R3 VSL a. The second VSL under the "Severe" category should reference "Contingency Reserve policy" to be consistent with the language in Requirement R3. 3. Requirement R5 VSL a. The second VSL under the "Severe" category should reference "Frequency Responsive Reserve policy" to be consistent with the language in Requirement R5. 4. Requirement R7 VSL a. The second VSL under the "Severe" category should reference "operating policy" to be consistent with language in Requirement R7.

ReliabilityFirst abstains and offers the following additional comments for consideration: 1. Definition of Frequency Response Obligation (FRO) a. ReliabilityFirst thanks the SDT for pointing out that the definition of Frequency Response Obligation (FRO) is part of the BAL-003-1 effort, but believes it should still be included within the BAL-012-1 effort as well. In the scenario that the BAL-012-1 standard is approved prior to the BAL-003-1 standard, this term will be meaningless unless they are approved with the standard (thus rendering portions of the standard ambiguous as well). 2. Frequency Response Sharing Group and Regulation Reserve Sharing Group q8 a. As a general comment, these two new proposed Functional Entities will need to be closely coordinated with the NERC Compliance Registry upon approval of this standard.

Group

Santee Cooper

Terry L. Blackwell

No

With respect to R1 part 1.5, R3 part 3.6, and R5 part 5.5, we believe that the words "operating time horizon" should not be subject to interpretation, and suggest that the responsible entity should be allowed to define the period which will be reviewed in its operations planning. We suggest the following changes: With respect to R1 part 1.3 and R3 part 3.3, from the perspective of a reserve sharing group, the responsible entity would be able to gather transaction information for its member BAs and assess the group's net exports and imports with non-members, however those exports and imports would only be with external Balancing Authorities per the Interchange Standards. We suggest the following changes to R1.3 and R3.3: "1.3. Consideration of the energy exports and imports with adjacent Balancing Authorities, including an assessment of the ability of the resources within the responsible entity to meet the net ramping requirements associated with these transactions." "3.3. Consideration of the energy exports and imports with adjacent Balancing Authorities."

Yes

We agree with the approach however, the wording in Requirements 2, 4, and 6 is unclear as to the deficiencies that are corrected. Is the deficiency in reserve amount or a deficiency in the policy? The Order did not say there should be requirements for a specific amount of reserves and that the BA should be subject to sanctions if reserves drop below a specific amount. Even if these are FFTs, they still count against the BA. There will be significant unintended consequences if this standard is mis-enforced. Reserves are an inventory intended to be used and there will be times one or more types of reserves are depleted in a BA. BAs should not shed load if the BA can withstand the next credible contingency just to maintain an arbitrary amount of a particular type of reserve basis, but ultimately the make-up and implementation of internal controls should be decided by the Registered Entity.

No

If we're reading this correctly, this is saying that if a BA generally needs X MW regulating reserve, Y MW contingency and Z MW Frequency Responsive Reserve, the BA must continually have X+Y+Z MW of Reserves at all times. As noted earlier, reserves are an inventory intended to be used when needed and one type of reserve can be substituted for another to restore balance. First, a BA could have zero MW of regulating reserve and still meet CPS through load-following resources or other reserves. In theory it could temporarily have zero MW of contingency reserve as long as the BA was prepared to take action to withstand the next contingency and not burden others. Also, since load is continually changing, 50 % of the time the amount of regulating reserve will be less than the planned amount. R8 as written is unnecessary for reliability as long as the BAL-001, BAL-002 and BAL-003 requirements are in place and being complied with and, in addition, makes R8 an unnecessary cost burden on the industry.

Yes

Yes
Yes
It's difficult to agree with a VSL when there is not agreement with the requirement.
Santee Cooper is generally in support of BAL-012 assuming that the changes suggested above are made.
In the applicability section, 4.1.1, 4.1.2, and 4.1.3 are unclear. It appears that the SDT is addressing a situation where a BA may only participate in a RSG (per 4.1.1). Similar changes to 4.1.2 and 4.1.3 could be made to make this clearer.
Individual
Jim Cyrulewski
JDRJC Associates LLC
Agree
Midwest ISO
Individual
Greg Travis
Idaho Power Co.
Yes
Group
Salt River Project
Bob Steiger
No
See comments to Question #7
No
SRP suggests deletion of requirements to document Regulating Reserve and Frequency Responsive Reserve policies. By requiring documented Frequency Responsive Reserve and Regulating Reserve policies, as do R1, R2, R5 and R6, the proposed standard goes beyond the FERC order 693 directive for the ERO "...to include a continent-wide contingency reserve policy". The NERC glossary defines Contingency Reserve as "capacity deployed by the Balancing Authority to meet the Disturbance Control Standard (DCS)...", which is in agreement with the SDT's own use of the term within its BAL-012-1 Background and Consideration of Comments documents. To interpret Contingency Reserve as

being inclusive of Regulating Reserve and Frequency Responsive Reserve is unfounded. BAL-001-1, BAL-002-1a, and the new BAL-003-1 specify methods for demonstrating compliance with regulating reserve, contingency reserve and frequency responsive reserve requirements. Compliance with these standards directly contributes to system reliability, while the reliability contribution of documented policies is questionable. SRP suggests that the requirements for a continent-wide contingency reserve policy could added to BAL-002-1a rather than adding a new standard.

No.

Individual

Rich Salgo

NV Energy

No

We agree with the concept of development of operating policy(ies) to cover the topics in this Standard, as well as the combination of certain requirements as sub-items. We have some disagreement with a number of the sub-requirements, specifically as follows. R1.3 calls for consideration of energy exports and imports for ramping requirements in the regulating reserve policy. We don't see why it is only the regulating reserve component that must consider the ramps Why not contingency reserve or FRR portions as well? R1.5 is difficult to understand as written. Does this mean to say that the Policy shall specify that Regulating Reserve be reviewed for adequacy in the operating horizon? It is also unclear what time frame is specified for 1.6, 3.7 and 5.6. Does this mean that the entity shall have the ability to determine ahead of the operating hour whether they will have sufficient reserve components? Does this call for an adequacy assessment to be conducted each hour, daily, etc? Most importantly, R3.2.2 and R3.3.3 should be stricken. EEA2 and EEA3 are not planned contingency events; ie, one does not plan to cover an EEA. If one could do that, then there would be no possibility of an EEA occurring. The policy should cover contingency reserves for credible MSSC's. There is no meaningful purpose for planning for reserves beyond the contingency events of 3.2.1.

Yes

Yes

Yes

However, this should be clarified in the language of R1.6, R3.7 and R5.6.

Yes

Strike R3.2.2 and R3.2.3 and make clarifications to the policy provisions specified in R1.6, R3.7 and R5.6. Clarify R1.5 to indicate whether this is simply a policy statement to be made or whether the requirement speaks to the entity making a documented evaluation of predicted reserve adequacy on a periodic basis for the future time period.

Individual

Nazra Gladu

Manitoba Hydro

No

(1) R1.1.1 – is the word 'reserve' needed after the word 'regulating'? (2) R1.1.2 – is the word 'reserve' needed before the word 'regulation'? (3) R1.1.4, R3.3.4 and R5.5.3 - would a responsible entity be aware of what capacity is already included in another responsible entity's policy? Unless this is something that would be communicated to a responsible entity and readily available, we would think that the standard should be drafted in a way that would only hold the responsible entity to what they are aware is already included in another responsible entity's policy. (4) R1.1.7, R3.3.8 and R5.5.7 – it should be specified that the responsible entity need only include how the responsible entity's depleted Regulated Reserves will be destroyed, not depleted Regulating Reserves in general.

(5) R3, 3.2.2, 3.2.3 – Alert 2 and 3 don't appear to be defined anywhere. (6) R3.3.5 – Large Loss of Load Event doesn't appear to be defined anywhere. (7) R5.5.2 – both paragraphs that have the language the latter of should more appropriately be written 'the latter of (i) the first day..... and (not or) (ii) the date that...'

No

(1) R2, R4, R6 – Manitoba Hydro would be concerned about how an entity would be able to demonstrate that the protocols have been implemented in a manner that identifies, assesses and corrects. How exactly could it be demonstrated that a deficiency has been corrected through the manner in which the protocol was implemented?

No

(1) R7/M7 and R8/M8 – no implementation is required for this policy which seems inconsistent with rest of requirements. (2) R7 - change 'or' to 'and'.

Yes

Yes

No

(1) VSLs, R2, R4, R6 – the VSL doesn't really match the wording of the requirement. The requirement does not require the responsible entity to correct any identified deficiencies; it requires the responsible entity to implement the policies in a certain manner. See comment on R2, R4 and R6. (2) VSL, R7 – same as R7 above.

(1) A substantial amount of work is required to comply with this standard. This work will involve developing new operating policies for reserves as well as creating new compliance evidence applications. (2) Applicability, 4.1 - this section indicates that the Balancing Authority is only a responsible entity when it is not in 'active status' under the applicable agreement. Is 'active status' something that is always clearly defined within those agreements? Or is this phrase open to interpretation? (3) Compliance Monitoring Process, 1.1.1 – 'CEA' is used in the last sentence but never defined. The acronym is not used again, so likely easiest to not define it and use the words 'Compliance Enforcement Authority' each time. (4) Compliance Monitoring Process, 1.1.4 – 'described' is likely a better word to use here than 'developed'.

Group

IRC Standards Review Committee

Terry Bilke

No

In Order 693, the FERC directive asks for the development of a continent-wide "contingency reserve" policy through the Reliability Standards development process, which the drafting team has interpreted as a continent-wide standard for all types of reserves. However, it does not necessarily mean a new standard is the mechanism to meet the directive. Additionally, the SRC believes that the proposed BAL-012 Standard is redundant with the performance based requirements in standards BAL-001, BAL-002, and recently approved BAL-003 and is therefore unnecessary. The SRC suggests that the SDT's work could be used to develop a policy document that provides guidelines that could assist BA's in meeting the performance based requirements set forth in BAL-001, BAL-002, and BAL-003. The policy document should provide BA's the flexibility of utilizing an appropriate mix of Energy and Capacity to meet these requirements. Further, as stipulated in the standard, the parts that are required to be included in the policy – may it be for the Regulating Reserve, Contingency Reserve or Frequency Response Reserve, are intended to demonstrate the "How's", not the "What's". We disagree with this approach. We propose that the standard itself should specify the "What's", such as: - the performance target for frequency regulation (within what range); - the performance target for ACE recovery from a contingency (when and within what range); - the performance target for frequency recovery following an event (when and within what range). and leave the "how to" meet these targets to the responsible entities, including how to determine the reserve need, the ways to replenish the reserve that's already used for meeting these performance targets after an initiating event, etc. For so long as the

responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation, etc. are irrelevant. The amount of reserve and how to provide the required amount are irrelevant for so long as the performance targets are met. We urge the SDT to convert BAL-012 to a policy guidance document that is appended to BAL-002. The drafting team should refer to their SAR and clean out the explanatory text in BAL-002 and move it into the policy document as well.

No

As indicated in our comments under Q1, we do not see the need for a standard that stipulates the requirement for responsible entities to have a policy with which to specify the "how to". Requirements R2, R4 and R6 simply require the responsible entities to implement this "how to" policy, which in our view do not rise up to the level of a continent-wide reliability standards. In our view, these requirements are also not needed. Notwithstanding the above, the wording in Requirements 2, 4 and 6 is unclear as to the deficiencies that need to be corrected. It's unclear whether the deficiency is in the amount of reserve or is it the deficiency in the policy.

No

As indicated in our comments under Q1, the standard should specify the performance targets for frequency regulation, ACE recovery and frequency recovery. For so long as the responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation and the amount of reserve and how to provide the required amount are irrelevant. Hence, we do not see the need for this requirement.

No

We do not see the need to define this term if the standard is revised to one that stipulates the regulation and recovery requirements.

No

We are unable to agree on any VRFs when we do not agree with the requirements proposed in the standard.

No

We are unable to agree on any VSLs when we do not agree with the requirements proposed in the standard.

Please see our comments under Q1. We proposed the SDT to convert their work into a policy document that provides guidance on considerations to achieve the "What's", i.e., the performance targets for frequency regulation, ACE recovery and frequency recovery. The drafting team should revisit its SAR and move the explanatory text in BAL-002 into the policy document and append it to BAL-002.

Group

MRO NSRF

WILL SMITH

No

The modifications to R1, R3, and R5 represent an improvement over the previous version of the standard. However, the NSRF continues to believe the standard simply is not necessary for the following reasons: As written, BAL-012 is a documentation standard and will not provide any benefit for reliability of the Bulk Electric System; It has not been technically justified; and It is redundant with the requirements of existing standards. Adequate planning for reserve obligations is already occurring to ensure performance under Reliability Standards BAL-001, BAL-002 and BAL-003, so there is no gap this standard would be filling. The NSRF does not believe that FERC directed NERC to develop a standard in this case. Instead, FERC directed that a continent-wide POLICY be developed. The result of this standard, as currently drafted, will be that each applicable entity will have a policy. This does not seem responsive to the FERC directive, and is instead creating a new standard with little or no benefit to reliability.

No

Please note the comments in response to Question 1. If the SDT determines, after review of those comments, that BAL-012 is still required, please note the comments below: The wording in

Requirements 2 , 4 and 6 is unclear as to the deficiencies that are corrected. Is the deficiency in the reserve amount, or in the policy? If the latter, what value does this add to reliability? If the former, it goes beyond the drafting team's SAR and Order No. 693. The Order did not say there should be requirements for a specific amount of reserves and that the BA should be subject to sanctions if those reserves drop below a specific amount. Even if the resulting violations would be FFTs, they still count against the BA's compliance record. Requirements 1, 3, and 5 state that the policies must determine how depleted reserves will be restored in a "timely" manner. Requirements 2, 4, and 6 state that the policies shall be implemented. This raises a concern as "timely" is not defined and CEA's across NERC will interpret the timeframe required very differently. We believe that "timely" should be replaced with a more meaningful measure. There will be significant unintended consequences if this standard is enforced inconsistently or in error. Reserves are an inventory intended to be used and there will be times when one or more types of reserves are depleted in a BA. BAs should not shed load if the BA can withstand the next credible contingency, just to maintain an arbitrary amount of a particular type of reserve.

No

Please note the comments in response to Question 1. If the SDT determines, after review of those comments, that BAL-012 is still required, please note the comments below: The NSRF recommends that requirement 8 and requirement 5.6 be deleted as it is not technically possible to comply with them. If we're reading this correctly, it is saying that if a BA needs X MW of regulating reserve, Y MW of contingency reserve and Z MW of Frequency Responsive Reserve, the BA must continually have X+Y+Z MW of Reserves at all times. As noted earlier, reserves are an inventory intended to be used when needed and one type of reserve can be substituted for another to restore balance. A BA could have zero MW of regulating reserve and still meet CPS through load-following resources or other reserves. In theory it could temporarily have zero MW of contingency reserve as long as the BA was prepared to take action to withstand the next contingency and not burden others. It's not clear what R8 is supposed to contribute to reliability. It appears to say that the BA will develop and keep a piece of paper. Our concern is that we have seen enforcement going beyond the words in the standard and allege violations because the Registered Entity failed to follow its plan. Requirement 8 of BAL-012-1 is not technically possible to implement as written. It states that a policy shall be developed that requires a responsible entity to have at least the amount of reserves to meet all requirements (Regulating Reserves, Contingency Reserves and Frequency Response Reserves) prior to deploying the reserves. The definition at the beginning of the draft standard in the Definitions section states: "Frequency Responsive Reserve: An amount of reserve automatically responsive to locally sensed frequency deviation." The definition says it is automatically responsive. The standard requires all reserves to be available prior to deploying the reserves. If the reserves are automatically responsive, you cannot stop that if your reserves dip immediately prior to the event. You can't calculate the needed amount, and you can't stop it if you don't have enough for all three categories. Frequency Response Reserves consist of governor response which is immediate and cannot be controlled by System Operators – governor response arrests the frequency deviation. The governor response depends on the droop settings of the governor's dead-band to activate the governor response, room on the unit to respond, etc. Then, the AGC response of the individual Balancing Authority's comes into play after the governor response. Here is where the frequency bias calculation from BAL-003-1 enters the picture. Calculating frequency bias isn't an exact science, but models exist to try and match a bias number to a Balancing Authority's natural response to frequency deviations. The frequency bias calculation is part of each individual Balancing Authority's ACE calculation. Again, this is an automatic response and does not require System Operator intervention. Therefore, it is impossible for any check to be performed prior to deploying frequency response reserves before a disturbance event, because we don't know how big the event will be. The frequency bias response is  $-X$  MW's per 0.1 Hz. Without knowing the size of the event prior to the event, we can't calculate the needed reserves to be on hand prior to the event or on an hourly basis as requirement 8 states. BAL-003-1 which was recently approved is based on several events and a Balancing Authority's response to multiple events, and covers the Frequency Response issue.

Yes

Yes

Please note the comments in response to Question 1. If the SDT determines, after review of those comments, that BAL-012 is still required, please note the comments below: The drafting team should develop a set of simple, objective definitions for the different types of reserves. The requirements in the standard should be limited to: -The BA calculates the amount of each of the defined reserves and shares the data with its Reliability Coordinator in real time. -The BA annually provides its Reliability Coordinator a template outlining the amount of each type of reserve it typically plans to carry for normal and conservative operations. Assuming the drafting team develops common definitions of reserves, there should be additional types defined as there is overlap in the 3 categories used in the standard and there are other resources available beyond the traditional 15 minute contingency window.

Group

MISO Standards Collaborators

Marie Knox

No

Rather than a continent-wide policy, you now have a continent full of individual policies

No

The wording in Requirements 2 , 4 and 6 is unclear as to the deficiencies that are corrected. Is the deficiency in reserve amount or a deficiency in the policy? If the latter, what value does this add to reliability? If the former, it goes beyond the drafting team's SAR and Order No. 693. The Order did not say there should be requirements for a specific amount of reserves and that the BA should be subject to sanctions if reserves drop below a specific amount. Even if these are FFTs, they still count against the BA. There will be significant unintended consequences if this standard is mis-enforced. Reserves are an inventory intended to be used and there will be times one or more types of reserves are depleted in a BA. BAs should not shed load if the BA can withstand the next credible contingency just to maintain an arbitrary amount of a particular type of reserve.

No

According to the proposed language, if a BA generally needs X MW regulating reserve, Y MW contingency and Z MW Frequency Responsive Reserve, the BA must continually have X+Y+Z MW of Reserves at all times. As noted earlier, reserves are an inventory intended to be used when needed and one type of reserve can be substituted for another to restore balance. First, a BA could have zero MW of regulating reserve and still meet CPS through load-following resources or other reserves. In theory it could temporarily have zero MW of contingency reserve as long as the BA was prepared to take action to withstand the next contingency and not burden others. Also, since load is continually changing, 50 % of the time the amount of regulating reserve will be less than the planned amount. It's not clear what R8 is supposed to contribute to reliability. It appears to say that the BA will develop and keep a piece of paper. Our concern is that we have seen enforcement going beyond the words in the standard and allege violations because the Registered Entity failed to follow its plan.

Yes

Yes

No

It's difficult to agree with a VSL when there is not agreement with the requirement.

The SAR for this standard was to clean up BAL-002 and meet the Order 693 directives. It should be noted that the Reliability Based Control/Balancing Authority Ace Limit (BAAL) standard will meet many of the 693 directives (address balancing for loss of load, identify significant frequency events). The remaining primary 693 directive was to develop through the standards process a continent-wide contingency reserve policy. We recommend the policy be a guidance document that helps the BA assess the amount of reserves it needs to meet the performance standards (CPS, BAAL, DCS, FRS). The guidance document should also provide a set of simple, objective definitions for the different types of reserves. The requirements in the standard should be limited to: -The BA calculates the amount of each of the defined reserves and shares the data with its Reliability Coordinator in real

time. -The BA annually provides its Reliability Coordinator a template outlining the amount of each type of reserve it typically plans to carry for normal and conservative operations. Assuming the drafting team develops common definitions of reserves, there should be additional types defined as there is overlap in the 3 categories used in the standard and there are other resources available beyond the traditional 15 minute contingency window. Finally, most of the text in the current BAL-002 is explanatory information pulled from Policy 1 in the VO process. The drafting team should follow the SAR and move this explanatory text to the policy (guidance) document attached to the standard. There are really only two true requirements in the current BAL-002: Recover from all reportable events in 15 minutes. Replenish reserves in 90 minutes.

Individual

Melissa Kurtz

US Army Corps of Engineers

Agree

MRO NSRF

Group

Western Area Power Administration - Transmission Owner

Lloyd A. Linke

Yes

No

Western questions whether the requirement to have a policy to ensure that a party had to have a total reserve amount equal to what was needed to three reserve requirements concurrently, would prevent an entity from using its contingency reserves when it runs out of regulation reserves, requiring it to shed load while it still had contingency and frequency reserves. This would be contrary to the EOP-002 process where you use all your reserves to avoid shedding load.

Yes

Yes

No

The VSL for R2, 4, and 6 with only a high level does not seem to fit with the VSL for R1, 3, and 5. Not fixing one minor deficiency associated with one of the sub requirements of the policy is a severe VSL, but not addressing that sub requirement in its policy is a low VSL. This seems to be inconsistent.

This does seem to be a deviation from NERC's new performance based standard ideology, since it is really a documentation type standard and it would seem likely that it would be a good candidate to include in Project 2013-02 Paragraph 81. The standard uses terms that will not be defined unless the BAL-001-1 and BAL-0020-2 are approved. The terms are Large Loss of Load Event (R3, 3.5) & Balancing Contingency Event (R3, 3.2.1). They should be defined in this document or those requirements should not be enforced until they BAL standard defining them is approved. The standard also uses vague language such as in R1, 1.7: How depleted Regulating Reserve will be restored in a timely manner. How long is timely manner? Similar issue in R1, 1.5 which says: A review of responsible entity's Regulating Reserve for the operating time horizon. When is operating time horizon?

Individual

Don Schmit

Nebraska Public Power District

No

In regards to Sub-requirement 5.6, how will entities determine this on an hourly basis? See Comment #3.

No

Requirement 8 of BAL-012-1 is not technically possible to implement as written. The requirement requires a policy that requires a responsible entity to have at least the amount of reserves to meet all requirements (Regulating Reserves, Contingency Reserves and Frequency Response Reserves) prior to deploying the reserves. First, Frequency Response Reserves consist of governor response which is immediate (automatic) and cannot be controlled by System Operators – governor response arrests the frequency deviation. The governor response depends on droop settings of the governors, deadband to activate the governor response, room on the unit to respond, etc. Then, the AGC response of the individual Balancing Authority's comes into play after the governor response. Here is where the frequency bias calculation from BAL-003-1 comes into play. Calculating frequency bias isn't an exact science, but models exist to try and match a bias number to a Balancing Authority's natural response to frequency deviations. The frequency bias calculation is part of each individual Balancing Authority's ACE calculation. Again, this is an automatic response and does not require System Operator intervention. Therefore, it is impossible for any check to be performed prior to deploying frequency response reserves before a disturbance event, because we don't know how big the event will be. The frequency bias response is -X MW's per 0.1 Hz. Without knowing the size of the event prior to the event, we can't calculate the needed reserves to be on hand prior to the event. The requirement is not technically possible to be implemented.

BAL-001, 002 and 003 each stand on their own merits. Do not require each entity to have a policy and remove requirements for frequency reserves as this is a natural response that is already covered by BAL-003.

Group

pacificcorp

ryan millard

Yes

Yes

No

PacifiCorp does not support the proposed requirement as it is presently written because it is not clear what is meant by the following phrase: "...meet all reserve requirements concurrently prior to deploying any such resources". PacifiCorp recommends that Requirement R8 be rewritten as follows: Each responsible entity shall have a policy that prohibits the total capability of resources designated to provide Regulating Reserve, Contingency Reserve and Frequency Responsive Reserve from being deficient in the amount required to meet all reserve requirements either before or during the deployment of any such resources.

Yes

Yes

Yes

See comment on Question 3.

Group
Western Electricity Coordinating Council
Steve Rueckert
No
Having three different requirements to document three different policies is not a continent-wide policy on contingency reserves, as was directed in FERC order 693. It could result in as many different policies as there are applicable entities. Even though the requirements identify what, at minimum, must be in the policy, that will not result in a uniform policy from every applicable entity. In addition, I do not believe it is necessary for entities to document these policies. There are standards, BAL-001, BAL-002, and BAL-003 that address these three items. Applicable entities must comply with these three standards, regardless of whether they have a documented policy or not. Requiring entities to have a documented policy on how they meet the requirements of other reliability standards does not contribute to reliability.
No
Agree with the concept that the applicable entities must meet the requirements of standards that address Regulating Reserve, Contingency Reserves, and Frequency Responsive Requirements, but do not agree with the need for these three requirements. These three requirements seem to say that applicable entities have to meet the requirements of three other approved standards. Also we support the concept of finding and fixing deficiencies, but as written, the requirements are not clear whether or not the applicable entity is required to find and fix deficiencies in the policy, or find and fix deficiencies in the implementation of the policies.
No
Agree that the new reserve requirements should not be less than previous requirements, unless a technical justification is developed. However, as drafted, BAL-012-1 is not clear whether or not resources that are made available for regulation, Contingency Reserve, or Frequency Response may be counted towards the obligations for the other two types of reserves. In other words, if BA generally needs X MW regulating reserve, Y MW contingency and Z MW Frequency Responsive Reserve, must the BA continually have X+Y+Z MW of Reserves at all times or can one type be substituted for another? If the BA must continually have X+Y+Z, how can the different resources designated for each type of reserve be prevented from responding for different types of events?
Yes
Since we do not agree with the need for this Standard because it appears to be duplicative of existing standards and documentation focused, lower would be most appropriate.
need to do away with the entire requirement for each entity to have a separate set of policies. Also need to do away with the need to meet the policies. That just seems to say you have to comply with another standard. The order didn't direct a standard, it directed a continent-wide policy. Suggest termination of BAL-012 efforts and focus on BAL-001, BAL-002, and BAL-003, and development of a guiding policy for the drafting teams to follow when drafting the other standards.
Individual
Kenn Backholm
Public Utility District No.1 of Snohomish County
Agree
Public Utility District No.1 of Snohomish County supports the comments of Platte River Power Authority, Salt River Project, and Seattle City Light.
Individual
Mary Downey
City of Redding
Agree
WECC

Individual
Thad Ness
American Electric Power
No
AEP recognizes the importance of addressing FERC directives from over five years ago; however, the NERC Reliability Compliance program has evolved over the last five plus years. As an example, NERC has embarked upon some significant changes through the Find, Fix and Track (FFT) initiative and the proposed Reliability Assurance Initiative. As part of the FFT process, FERC suggested that NERC retire or modify requirements that "provide little protection to the reliable operations of the BES" which in turn has spawned Project 2013-02 Paragraph 81. As part of project 2010-14-1, numerous comments have been made which suggest that this set of standards are administrative in nature and that the reliability assurance is either contained within other standards and requirements (i.e. BAL-001, BAL-002, and BAL-003) or are currently being modified (BAL-003). We respectively request NERC to consider these new directions in concert with the FERC directives and consider alternatives to meet the desire of FERC as well as minimizing requirements that provide little protection to the reliable operations of the BES. From our review, most elements of this standard are already covered under a number of existing requirements. Many of these existing requirements have reliability based control performance metrics that provide the appropriate signal to the reliable operations of the BES. AEP does not support creating requirements which overlap existing, industry proven reliability performance metrics. The only gap we can see is the frequency reserves and it is AEP's preference to address this in the existing BAL-003 project.
No
AEP does not disagree with the objective implied with these requirements. However we believe that it would be more prudent to have them engrained into the NERC's ROP rather than embedding them into discrete requites.
No
It appears that R8 overlaps with requirements 2, 4, and 6 that require the implementation of the plans. We suggest that corrections be made to eliminate the overlap.
Yes
Yes
AEP agrees in principle with such an approach if Lower is the sole VRF which can be applied. Please note that the most current draft does not include the VRF table.
Yes
As stated in the response to Q1, AEP requests that the drafting team reconsider the direction they are taking with this project, and instead, adopt the methodology and direction that NERC is now proposing with initiatives such as Find, Fix and Track and the proposed Reliability Assurance Initiative. These initiatives have shown the desire to not pursue standards which are purely administrative in nature or are covered by other standards, as AEP believes this proposed standard is. Once again, AEP does not support creating requirements which overlap existing, industry proven reliability performance metrics. The only potential reliability gap we can see is regarding frequency reserves and it is AEP's preference to address this in the existing BAL-003 project.
Group
Iberdrola USA
John Allen
Agree
NPCC
Individual
Thomas E Washburn
FMPP

No
For R1.6, R3.7 and R5.6 it is not clear whether the sharing group is responsible for determining reserves for each member of the group or just the total for the group. Also it is not clear if an entity is a member of sharing group, which requirements are the sharing group responsible for and which requirements are the individual members responsible for. For R1.3, R3.3 and R 5.3 it is not clear when there is a sharing group is the import/export between the sharing group and outside the sharing group, because inside the sharing group would net to zero. For R3.5 when there is a sharing group this should apply only to the sharing group, not each individual BA. For R1.5, R3.6, and R5.5 operating time horizon is lower case, which means it is undefined. For clarity could "as defined by the responsible entity" be added?
Yes
Group
Florida Municipal Power Agency
Frank Gaffney
Agree
Florida Municipal Power Pool
Group
PPL NERC Registered Affiliates
Brent Ingebrigtsen
No
Comments: See comments to question 7 below
No
The intent of R8 is not clear. First, it is unclear whether it requires a responsible entity to be able to implement regulating, contingency and frequency responsive reserves concurrently. This would only happen if a responsible entity experienced a contingency. Per existing standards and industry practice, the responsible entity would utilize its reserves to respond to the contingency by recovering ACE and frequency. Second, it is unclear whether the responsible entity must be able to demonstrate that each type of reserve was implemented in response to the contingency. Finally, it is unclear whether R8 requires a responsible entity to have a fourth policy in addition to policies developed in R1, R3 and R5. The PPL Companies recommend eliminating R8 as it is redundant with R1, R3 and R5.
No
Subparts 1.6, 3.7, and 5.6 are each hourly based which implies the "Real-time Operations" Time Horizon. However, their respective requirements indicate the "Operations Planning" Time Horizon. Subparts 1.5, 3.6 and 5.5 also use the term "operating time horizon" (lowercase). While the intent of the SDT may be to let the responsible entity determine the "operating time horizon," it is unclear whether such decisions will be consistent with the expectations of the CEA. The SDT should use consistent terms in requirements, therefore, we recommend using the published Time Horizons terms found at <a href="http://www.nerc.com/files/Time_Horizons.pdf">http://www.nerc.com/files/Time_Horizons.pdf</a>

No
We cannot agree with a VRF when we do not agree with the requirement.
No
We cannot agree with a VSL when we do not agree with the requirement
<p>BAL-012-1 is strictly administrative in nature, is inconsistent with NERC's stated goal of developing performance-based reliability standards (RBS), and does very little to maintain or improve BES reliability. BAL-012 is an unnecessary standard that adds to industry's compliance burden without improving BES reliability. The PPL Companies believe that the RBC/BAAL standard will meet many of the Order 693 directives (address balancing for loss of load, identify significant frequency events). The remaining primary 693 directive was to develop through the standards process a continent-wide contingency reserve policy. PPL Companies recommend the policy be a guidance document that helps the BA assess the amount of reserves it needs to meet the performance standards (CPS, BAAL, DCS, FRS). The guidance document should also provide a set of simple, objective definitions for the different types of reserves. Creating a new, strictly administrative standard that also includes regulating and frequency responsive reserves is not the best way for NERC to comply with FERC's directive to develop a continent-wide contingency reserve policy. As drafted, BAL-012 requires having documented policies which specify how entities should accomplish results. A policy is typically described as a principal or rule to guide decisions and achieve a rational or desired outcome. A policy should not include specific procedures to be followed. In the current draft of BAL-012, subparts 1.5, 1.6, 1.7, 3.5, 3.6, 3.7, 3.8, 5.4, 5.5, 5.6 and 5.7 detail how a responsible entity must comply. These procedures should not be required in a broader policy statement. In addition, R5 indicates that a responsible entity must maintain some level of frequency responsive reserves (FRR). This is not consistent with the industry-approved BAL-003-1 standard. BAL-003-1 requires a responsible entity to achieve an annual Frequency Response Measure (FRM) which meets or is more negative than its assigned FRO. The FRM is the calculated median response to multiple selected frequency events. It does not require a responsible entity to respond to every individual frequency event. Thus, a responsible entity should not be required to demonstrate that it carries sufficient FRR on an hourly or any other basis. The same logic applies to the drafted BAL-012-1 R1. A responsible entity must satisfy CPS/BAAL performance criteria, not carry a specific amount of regulating reserves at all times. Finally, in the last paragraph of the Background Document, the SDT states that each responsible entity must quantify and uniquely identify all 3 types of reserves. This is a significant new requirement for the industry and deviates from NERC's goal of developing results based standards. It is also inconsistent with the proposed BAL-001-1 (CPS/BAAL criteria) and the industry-approved BAL-003-1 (frequency response) which focus on a BA's operating performance as it directly relates to BES reliability.</p>
Individual
Larry Watt
Lakeland Electric
Agree
Lakeland Electric supports the Orlando Utility Commission (OUC) comments.
Individual
Jim Howard
Lakeland Electric
Agree
Support OUC's Comments
Group
Southern Company
Randy Hubbert
No
Southern suggests that BAL-012 is unnecessary as it is redundant with other existing Reliability Standards such as BAL-001 and BAL-002 which require entities to carry enough reserves to comply with CPS and DCS events. Also, BAL-001 and BAL-002 are results-based standards (which is the direction NERC is moving) and the proposed BAL-012 is not. Further, consistent with the Paragraph

81, industry-agreed criteria for retiring standards or requirements, as noted above, BAL-012 is redundant, thus it does little, if anything, to benefit or protect the reliable operations of the BES. Further, BAL-012 requires responsible entities to develop a policy, which is a document and, as noted above, is redundant. Because it is redundant it is not necessary to protect BES reliability. Therefore, consistent with the Paragraph 81 criteria, BAL-012 is unnecessary. If the SDT refuses to acknowledge this redundancy and that BAL-012 is not results basis, then additional clarification is needed. It is unclear when the reviews referenced in sub parts 1.5 and 1.6 of requirement 1 are to take place. The Time Horizon for these requirements are "Operations Planning", which leads us to believe the reviews are to take place day-ahead; however the sub parts state "operating time horizon" and "on at least an hourly basis", which is confusing. It is not clear as to the difference between sub part 1.5 and 1.6. Please consider the following revision to sub part 1.5 to make this clear and to avoid any requests for interpretation or CANs in the future: R1, sub part 1.5: 'A review of the responsible entity's Regulating Reserve for each hour of the next day to ensure the responsible entity has sufficient Regulating Reserves.' If agreeable to the SDT, then sub part 1.6 could be removed. Please consider the following revisions to sub part 3.6 of R3 and sub part 5.5 of R5 as well: R3, sub part 3.6: 'A review of the responsible entity's Contingency Reserve for each hour of the next day to ensure the responsible entity has sufficient Contingency Reserves.' If agreeable to the SDT, then sub part 3.7 could be removed. R5, sub part 5.5: 'A review of the responsible entity's Frequency Responsive Reserve for each hour of the next day to ensure the responsible entity has sufficient Frequency Responsive Reserves.' If agreeable to the SDT, then sub part 5.6 could be removed.

No

From a compliance perspective, the new language proposed for R2, R4, and R6 is consistent with the manner in which internal controls have been incorporated into Version 5 of the CIP Standards. While Southern believes that internal controls are an integral element of an effective internal compliance program, we are generally not in favor of incorporating internal controls into the NERC Reliability Standards on a requirement-by-requirement basis. Southern believes a more effective way to ensure that Registered Entities develop and implement effective internal controls is to address the issue holistically and provide guidance to the industry. This guidance may very well provide examples of internal controls on a requirement-by-requirement basis, but ultimately the make-up and implementation of internal controls should be decided by the Registered Entity.

No

First, the requirement as written is not easily understood. This requirement appears to require a BA to have enough resources available to regulate the system, respond to the largest contingency in the BA, and respond to the frequency deviation due the largest contingency in the interconnection simultaneously. The requirement also appears to state that this must be done before deploying resources, which implies that the reserves must be online. If we have interpreted this correctly, Southern disagrees with this requirement. For example, many entities utilize offline generation that can be fully brought online quickly (e.g. 10 minutes) to respond to contingency events. Under this proposed requirement, this practice does not appear to be allowed, which is unreasonable. Second, these three types of reserves have three different applications and are applied in different time frames (e.g. FRR over seconds and CR/RR over minutes) and should not be required to all be online concurrently before an event occurs that warrants their use. Detailed Example: An entity plan requires 500 MW of RR, 800 MW of CR (some of which is offline but can be brought online quickly), and 200 MW of FRR due to its Frequency Reserve Obligation to comply with BAL-001, BAL-002 and BAL-003. If this entity experiences an 800 MW contingency (their MSSC), the FRR will respond automatically and contribute 200 MW. The entity then uses all 800 MW of CR (200 MW's already provided by the same units online with governor action that provided the initial Frequency Response) to recover from the event per BAL-002. In this instance, the entity (nor the Interconnection) did not require 1000 MW of cumulative FRR and CR reserves but only 800 MW of reserves capable of providing 200 MW FRR in the first minute of the event (BAL-003) and another 600 MW of remaining reserves to replace the 800 MW lost (BAL-002). Of course, if the entity's 800 MW CRR reserves could only provide 100 FRR because most of the CRR is offline in quick start mode, then it would be required to have 900 MW of cumulative FRR and CR reserves to meet its BAL-003 and BAL-002 requirements. This example should show that due to the "expected reserve response timeframe" difference between FRR for BAL-003 compliance and CRR for BAL-002 compliance, there is no absolute requirement for reliability as required in R8 that a cumulative amount of CRR and FRR MW's must be held as long a compliance with BAL-001 and BAL-002 is otherwise maintained. Similarly,

assume the entity above (500 MW of RR, 800 MW of CR, and 200 MW of FRR) experiencing the previously described contingency event enters a potential BAAL violation condition as described in the proposed BAL-001-1, R2 starting at the same time as the contingency event. In addition, assume that the 500 MW of RR was also online (spinning) such that it could also contribute to contingency reserve deployment. Using the previous example, this would mean of the 800 MW contingency reserves (CR), 200 were FRR, another 500 were also RR-capable and the remaining 100 MW were provided by some other means (quick start units, Manual unit loading, interruptible load, etc). When the recovery of 800 MW takes place within the first 15 minutes, the entity has used all of its FRR, all of its RR and all of its CR for the single event. At this point it has complied with BAL-003 and BAL-002. It still has 15 minutes to recover enough RR to move it within its BAAL Limits to be compliant with BAL-001, R2. (Note: Due to the 12 month average compliance window for BAL-001, R1 for CPS1 this event and the short-term RR deficiency should have no effect on compliance and thus reliability). Assuming that the BAAL limits are met within the 30 minute window by some means of obtaining RR's, there is no reason for the entity to have more than 800 MW cumulative FRR, RR and CRR reserves if they are as described in the example. These two examples demonstrate that all applicable reliability needs required in BAL-001, BAL-002 and BAL-003 are met without having to always have 1500 MW of cumulative reserves available which would be required from the proposed BAL-012, R8. This thus makes R8 as written unnecessary for reliability as long as the BAL-001, BAL-002 and BAL-003 requirements are in place and being complied with and, in addition, makes R8 an unnecessary cost burden on the industry.

Yes

However, the standard makes reference to real-time operations. See suggested changes in question 1 above for ways to clarify the requirement and the Time Horizons.

Yes

Southern suggests that there is inconsistency between SDTs in the use of VRFs for the documentation based (e.g. requires a policy or protocol) requirements and the internal controls concept requirements that have been developed for this standard and the proposed COM-003 standard. The BARC SDT has suggested a "lower" VRF, which Southern agrees with, while the COM-003 SDT was proposing a "medium" VRF for essentially the same requirement. Southern suggests that both should be "lower" and that the SDTs be more consistent in the application of the VRFs.

Yes

See comments for each question. We have identified the issue and a proposed solution for each.

Comments: In the applicability section, 4.1.1, 4.1.2, and 4.1.3 are unclear. It appears that the SDT is addressing a situation where a BA may only participate in a RSG (per 4.1.1) for a portion of a year. If this is the case, Southern would suggest revising this language to more clearly state this intent. Consider, 4.1.1 A Balancing Authority that is a member of a Reserve Sharing Group for only a portion of a year or compliance period is the responsible entity during such period(s) that the Balancing Authority is not participating in the Reserve Sharing Group under the applicable agreement or governing rules for the Reserve Sharing Group. Similar changes to 4.1.2 and 4.1.3 could be made to make this clearer.

Individual

Joylyn Faust

Consumers Energy Company

Agree

Consumers Energy Company agrees with the comments submitted by MISO.

Individual

Laurie Williams

Public Service Company of New Mexico

Yes

Yes

No
The Standard is not clear regarding which types of reserves can also count for other types of reserves. PNM logged an affirmative vote but would like the SDT to consider if there is a way to provide clarity regarding which reserves can "cross-pollinate" and which are stand alone from a compliance perspective.
Yes
Yes
PNM is in support of the draft standard but would request that the SDT attempt to eliminate terms such as "a timely manner" from the standard to eliminate ambiguity from the standard as much as possible.
None. PNM appreciates the work of the SDT and the standard is well done.
Group
SERC OC Standards Review Group
Stuart Goza (OC Vice Chair)
No
We suggest that BAL-012 is unnecessary as it is redundant with other existing Reliability Standards such as BAL-001 and BAL-002 that require entities to carry enough reserves to comply with CPS and DCS events. Also, BAL-001 and BAL-002 are results based standards which have been the direction of NERC and the proposed BAL-012 is not. BAL-012 requires responsible entities to develop a policy, which is a documentation based requirement that was one of the criteria identified in the Paragraph 81 efforts that were supported by the industry. With respect to R1 part 1.5, R3 part 3.6, and R5 part 5.5, we believe that the words "operating time horizon" should not be subject to interpretation, and suggest that the responsible entity should be allowed to define the period which will be reviewed in its operations planning. We suggest the following changes: 1.5. A review of the responsible entity's Regulating Reserve for the operating time horizon as defined by the responsible entity. 3.6. A review of the responsible entity's Contingency Reserve for the operating time horizon as defined by the responsible entity. 5.5. A review of the responsible entity's Frequency Responsive Reserve for the operating time horizon as defined by the responsible entity. With respect to R1 part 1.3 and R3 part 3.3, from the perspective of a reserve sharing group, the responsible entity would be able to gather transaction information for its member BAs and assess the group's net exports and imports with non-members, however those exports and imports would only be with external Balancing Authorities per the Interchange Standards. We suggest the following changes to R1.3 and R3.3: "1.3. Consideration of the energy exports and imports with adjacent Balancing Authorities, including an assessment of the ability of the resources within the responsible entity to meet the net ramping requirements associated with these transactions." "3.3. Consideration of the energy exports and imports with adjacent Balancing Authorities."
We agree with the approach however, the wording in Requirements 2, 4, and 6 is unclear as to the deficiencies that are corrected. Is the deficiency in reserve amount or a deficiency in the policy? If the latter, what value does this add to reliability? If the former, it goes beyond the drafting team's SAR and Order No. 693. The Order did not say there should be requirements for a specific amount of reserves and that the BA should be subject to sanctions if reserves drop below a specific amount. Even if these are FFTs, they still count against the BA. There will be significant unintended consequences if this standard is mis-enforced. Reserves are an inventory intended to be used and there will be times one or more types of reserves are depleted in a BA. BAs should not shed load if the BA can withstand the next credible contingency just to maintain an arbitrary amount of a particular type of reserve basis, but ultimately the make-up and implementation of internal controls should be decided by the Registered Entity.
No
If we're reading this correctly, this is saying that if a BA generally needs X MW regulating reserve, Y MW contingency and Z MW Frequency Responsive Reserve, the BA must continually have X+Y+Z MW

of Reserves at all times. As noted earlier, reserves are an inventory intended to be used when needed and one type of reserve can be substituted for another to restore balance. First, a BA could have zero MW of regulating reserve and still meet CPS through load-following resources or other reserves. In theory it could temporarily have zero MW of contingency reserve as long as the BA was prepared to take action to withstand the next contingency and not burden others. Also, since load is continually changing, 50 % of the time the amount of regulating reserve will be less than the planned amount. R8 as written is unnecessary for reliability as long as the BAL-001, BAL-002 and BAL-003 requirements are in place and being complied with and, in addition, makes R8 an unnecessary cost burden on the industry.

Yes

It is unclear when the reviews referenced in Requirement R1, parts 1.5 and 1.6 are to take place. The Time Horizon for this requirement is "Operations Planning", which leads us to believe the reviews are to take place day-ahead. However, the sub parts state "operating time horizon" and "on at least an hourly basis", which is confusing.

Yes

No

It's difficult to agree with a VSL when there is not agreement with the requirement.

The SAR for this standard was to clean up BAL-002 and meet the Order 693 directives. It should be noted that the RBC/BAAL standard will meet many of the 693 directives (address balancing for loss of load, identify significant frequency events). The remaining primary 693 directive was to develop through the standards process a continent-wide contingency reserve policy. We recommend the policy be a guidance document that helps the BA assess the amount of reserves it needs to meet the performance standards (CPS, BAAL, DCS, FRS). The guidance document should also provide a set of simple, objective definitions for the different types of reserves. It is not clear how Balancing Authorities provided or receiving Overlap Regulation Service should be treated under this proposed standard. Is it the intent of the standard drafting team for this standard to be applicable to both? We believe that the implementation period is too aggressive. Balancing Authorities today are meeting the results-based BAL-001 and BAL-002 standards, as they will be capable of meeting the newly-approved BAL-003 Frequency Response Standard, without some of the elements presented in this draft standard. Enhancing the ability for assessment of the individual reserve types and concurrent use as depicted in the standard, including Requirement R8, will require not-yet-determined vendor modifications to EMS systems and other tools, that will not be undertaken until there is certainty that this standard is moving forward. We support the implementation time being extended to at least 18 months to accommodate a still-aggressive implementation that will require vendor support stretched to meeting the needs of all of the Balancing Authorities and reserve sharing groups across the industry at the same time.

In the applicability section, 4.1.1, 4.1.2, and 4.1.3 are unclear. It appears that the SDT is addressing a situation where a BA may only participate in a RSG (per 4.1.1). If this is the case, we suggest revising this language to the following to more clearly state this intent: 4.1.1 A Balancing Authority that is a member of a Reserve Sharing Group for only a portion of a year or compliance period or for specific contingency events is the responsible entity during such period(s) that the Balancing Authority is not participating in the Reserve Sharing Group under the applicable agreement or governing rules for the Reserve Sharing Group. Similar changes to 4.1.2 and 4.1.3 could be made to make this clearer. Though we support the capability to form or join a "Frequency Response Sharing Group" or "Regulation Reserve Sharing Group", we are concerned about a few issues by their inclusion in this standard: a) Does NERC intend to change its Compliance Registry Criteria to include the various reserve sharing groups? b) Does NERC need to file anything with FERC to recognize such responsible entities? c) Under the current standards development rules, do the new groups need to be first included in the NERC Reliability Functional Model before they can be included in a Reliability Standard? d) Does a "Frequency Response Sharing Group" or "Regulation Reserve Sharing Group" have to be formal entity, or can it be an agreement between Balancing Authorities holding the BAs responsible for performance similar to how some Contingency RSGs were formed? e) Do entities sharing resources under a Supplemental Regulation Service agreement now have to formalize that their agreement by forming a "Regulation Reserve Sharing Group"? If not, then why does the standard drafting team believe this standard should now create this new entity? f) Similarly, does this

standard prohibit Balancing Authorities from sharing Regulating Reserves, Contingency Reserves, or Frequency Responsive Reserves, without forming one or more reserve sharing groups? We suggest capitalizing "Regulating Reserves" in the following definition: "Regulation Reserve Sharing Group: 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." The comments expressed herein represent a consensus of the views of the above named members of the SERC OC Standards Review Group only and should not be construed as the position of SERC Reliability Corporation, its board, or its officers.

Individual

Daniel O'Hearn

Powerex Corp.

No

Comments: The standard as written is not really a standard but rather leaves it up to each responsible entity to create their own standard or policy and document it. This is not a prescriptive standard that requires a minimum or really any level of regulation reserves. It requires that a BA have a policy in place and to follow that policy. That does not meet what was directed in FERC order 693. We believe that reliability, efficiency and fairness would better be served with a minimum regulating reserve requirement that supplements existing control performance standards. The quote below is from FERC Order 693. 397. As a general matter, the Commission believes that a single entity should establish the level of regulating reserve required based on the generation mix and ramping rates in the region. We disagree with commenters that minimum regulating reserve requirements are not necessary. As South Carolina E&G correctly points out, the control performance standard metric is a lagging indicator and, as such, does not provide a good indication that the necessary amounts of regulating reserve are being carried at all times. The Commission notes that Requirement R2 requires maintenance of a level of regulating reserves in order to prospectively meet the control performance standard but does not provide a calculation for the exact level which would be required. In particular, the Commission believes that, while the control performance standard metric is useful in identifying trends relating to poor regulating practices, specification of minimum reserve requirements to be maintained at all times would complement the control performance

No

See R1

See R1

Individual

Keith Morisette

Tacoma Power

Yes

Tacoma Power is agreeing with the proposed modifications. However, we think more work needs to be done on Frequency Responsive Reserve before it can be implemented by this standard. The obligation and requirement for Frequency Responsive Reserve is not defined and therefore will be hard to measure compliance.

Yes

No
Tacoma Power encourages more work on Frequency Responsive Reserve before it can be implemented by this standard. The obligation and requirement for Frequency Responsive Reserve is not defined and therefore will be hard to measure compliance.
Yes
Tacoma Power is interpreting this phrase "Operations Planning" to encompass the day ahead time frame as acceptable.
Tacoma Power encourages more work on Frequency Responsive Reserve before it can be implemented by this standard. The obligation and requirement for Frequency Responsive Reserve is not defined and therefore will be hard to measure compliance. In addition, the proposed standard does not recognize BAL-STD-002 and its compliance measurements for regulating reserves. We believe the proposed standard BAL-012 should not conflict with BAL-STD-002.
Tacoma Power supports comments that Seattle City Light has prepared for submitting in this process. "While requiring that Balancing Authorities have some methodology to properly plan and account for responsive unloaded capacity is a laudable idea, this standard goes well beyond those good intentions. The existing BAL-002 standard of dictating that a Balancing Authority maintains enough reserves to recover from the most severe single contingency is a clear cut measure. It is measured every time a Balancing Authority or Reserve Sharing Group files a disturbance report. This essentially covers R1 through R4 of the proposed standard without introducing onerous requirements or ambiguous language such as, "Balancing Contingency Event." Additionally, reserve requirements needed to provide proper load following across an hour of operation are accounted for in various other standards addressing control performance and interchange. The idea of Frequency Responsive Reserve is introduced in R5 through R7. The definition given in the standard is not technical enough to provide proper measures. For instance, the term "automatically" does not necessarily mean "immediately" or "timely." Actual Frequency Response is currently measured many times a year through frequency response surveys. Seattle City Light believes the best way to ensure Balancing Authorities are providing proper and proportional support of system frequency is through more technically specific requirements and measures for frequency response to system disturbances and control performance." In addition, the WECC region already has a standard to measure performance of regulating reserves, BAL-STD-002. This standard points to BAL-001, and specifically points to the control performance standards, as the acceptable measurement of sufficient regulating reserves. This measurement is more clear than the proposed standard BAL-012. Tacoma Power appreciates the opportunity to provide comments and thanks you for consideration of our comments.
Group
PJM Interconnection
Stephanie Monzon
No
PJM believes that the proposed BAL-012 Standard is redundant with the performance based requirements in standards BAL-001, BAL-002, and recently approved BAL-003 and is therefore unnecessary. In Order 693, the Commission directed the ERO to develop a continent-wide contingency reserve policy through the Reliability Standards development process, not necessarily a new standard. PJM suggests that the SDT's work could be used to develop a policy document that provides guidelines that could assist BA's in meeting the performance based requirements set forth in BAL-001, BAL-002, and BAL-003. The policy document should provide BA's the flexibility of utilizing an appropriate mix of Energy and Capacity to meet these requirements.
No
The language in Requirements 2, 4, and 6 lacks clarity. Are the referenced deficiencies in the amount of reserves or in the policy itself? If the latter, what value does this add to reliability? If the former, it goes beyond the SDT's SAR and Order 693. The Order did not direct the adoption of specific amounts of reserves that would subject the BA to sanctions if reserves dropped below those amounts. Misinterpretation of these requirements could result in significant unintended consequences if a BA believed it necessary to shed load to insure compliance. This issue would have to be explicitly

resolved if the draft approach is retained. PJM suggests that FFT's are subjectively decided by the Regional Compliance entity after the fact. The SDT should be commended for this common sense approach but this does not provide a performance based requirement that can be referred to by the applicable entities.

No

PJM suggests that Requirement 8 is redundant because it is simply a restatement of the current performance based requirements set forth in existing BAL-001 and BAL-002, and is therefore unnecessary.

No

The Operations Planning time horizon is an undefined term in the NERC Glossary. Sub-requirements reference the 'operating time horizon' (1.5, 3.6, 5.5) and 'at least on an hourly basis' (1.6, 3.7, 5.6). The policy requirement, as written, uses undefined terms and lacks clarity.

PJM believes that the proposed BAL-012 Standard is redundant with the performance based requirements in standards BAL-001, BAL-002, and recently approved BAL-003 and is therefore unnecessary. In Order 693, the Commission directed the ERO to develop a continent-wide contingency reserve policy through the Reliability Standards development process, not necessarily a new standard. PJM suggests that the SDT's work could be used to develop a policy document that provides guidelines that could assist BA's in meeting the performance based requirements set forth in BAL-001, BAL-002, and BAL-003. The policy document should provide BA's the flexibility of utilizing an appropriate mix of Energy and Capacity to meet these requirements.

Sub-requirement 3.5, the planned response to a Large Loss of Load Event, is more appropriately included in BAL-002 Disturbance Control Standard, in lieu of an Operating Reserve Policy.

Group

JEA

Thomas McElhinney

No

The identify, assess, and correct deficiencies methodology has not been defined and we are unsure how implementation of this methodology will be monitored for compliance.

This standard is not performance based. It is unclear how these policies will affect reliability and appear to be more administrative in nature and therefore we question the need for this standard. The creation and implementation of policies are an industry "best practices" but the end results are measured by BAL001 and the meeting of CPS1 and BAAL. Paragraph 81 would seem to justify that administrative paperwork items required by FERC order 693 are no-longer valid.

Group

Associated Electric Cooperative, Inc. - JRO00088

David Dockery

Agree

SERC OC

Individual

Kenneth A Goldsmith

Alliant Energy

Agree

MRO NSRF

Group
MEAG Power
Scott Miller
Agree
NPPD
Individual
Daniel Scott Langston
City of Tallahassee
Agree
Duke Energy
Individual
Chris de Graffenried
Consolidated Edison Co. of NY, Inc.
NPCC, plus comments attached.
Some of the issues of concern to note are: * Requiring Frequency Responsive Reserves for unknown contingency levels * Use of the term "responsible entity" within the requirements * Applicability issue with whether this standard applies to all BAs or only those with reserve sharing agreements. * There are no reliability targets in the standard but rather only reference to entities having "policies" * Use of the term "deficiency" in the requirements could be interpreted to be either for the policy or the lack of proper reserves. The wording needs clarification. * Some believe there are already sufficient standards that ensure reserves to preserve ACE and frequency recovery are enough and any further standards regarding specifics for Frequency Responsive Reserves would need more research into Generating unit Governors, ability to provide sustained response etc. as well as having some responsibility for the generators to provide such response.
Some of the issues to note are: * Requiring Frequency Responsive Reserves for unknown contingency levels * Use of the term "responsible entity" within the requirements * Applicability issue with whether this standard applies to all BAs or only those with reserve sharing agreements. * There are no reliability targets in the standard but rather only reference to entities having "policies" * Use of the term "deficiency" in the requirements could be interpreted to be either for the policy or the lack of proper reserves. The wording needs clarification. * Some believe there are already sufficient standards that ensure reserves to preserve ACE and frequency recovery are enough and any further standards regarding specifics for Frequency Responsive Reserves would need more research into Generating unit Governors, ability to provide sustained response etc. as well as having some responsibility for the generators to provide such response.
Individual
Kathleen Goodman
ISO New England Inc.
Agree
ISO/RTO Standards Review Committee (SRC)
Individual
Cheryl Moseley
Electric Reliability Council of Texas, Inc.

No
<p>It appears the intent of R8 is that the actual reserves included in each reserve category must be mutually exclusive. For example, any reserve that is included in the Contingency Reserve cannot be included as part of the Frequency Responsive Reserve or Regulating Reserve, because the total amount of Contingency Reserve, Frequency Responsive Reserve and Regulating Reserve must be greater than or equal to the amount required to meet all the reserve requirements separately, assuming all the reserves were required at the same time (concurrently). A suggested revision is shown below: R8. Each responsible entity shall have a policy that requires the designated resources for each reserve type to be mutually exclusive, i.e., the total capability of resources designated to provide Regulating Reserve, Contingency Reserve and Frequency Responsive Reserve to must be at least equal to the amount required to meet all reserve requirements, concurrently prior to deploying any such resources, if all reserves were required to be supplied simultaneously.</p>
ERCOT is supportive of the IRC SRC comments on this draft standard.
<p>The standard uses the term "responsible entity" (not capitalized) in the requirements. It also uses the term "Responsible Entity" (capitalized) in other portions of the standard, such as the measures. "Responsible Entity" is not a NERC-defined term, so it is not clear who this standard applies to. ERCOT suggests that the term "Responsible Entity" be defined as part of this standard and all instances of the term be capitalized. Alternatively, "Responsible Entity" could be defined like it is done in other standards, such as the CIP standards, as follows: "Within the text of Standard aaa-bbb-c, "Responsible Entity" shall mean:". Then the applicable NERC functions would be listed. 2) The Applicability section is confusing and seems to imply that only Balancing Authorities that fall into one of the three sub-bullet categories (4.1.1, 4.1.2 and 4.1.3) are the applicable entities, not all Balancing Authorities. Combining this with the "Responsible Entity" suggestion above, ERCOT suggests the applicability be modified as follows: 4. Applicability: 4.1. Within the text of Standard BAL-012-1, "Responsible Entity" shall mean: 4.1.1. Balancing Authority. (A Balancing Authority that is a member of a Reserve Sharing Group, Regulation Reserve Sharing Group, or Frequency Response Sharing Group is the Responsible Entity only in periods during which the Balancing Authority is not in active status under the applicable agreement or governing rules for the Reserve Sharing Group, Regulation Reserve Sharing Group, or Frequency Response Sharing Group, respectively.) 4.1.5. Reserve Sharing Group if in active status. 4.1.6. Regulation Reserve Sharing Group if in active status. 4.1.7. Frequency Response Sharing Group if in active status.</p>
Individual
Michael Falvo
Independent Electricity System Operator
No
<p>The FERC directive asks for the development of a continent-wide policy, which in our interpretation is a continent-wide standard. Stipulating that each entity has to have a policy to demonstrate how to meet reserve requirements does not meet this directive as this will be effectively a fill-in-the-blank standard, which the ERO and FERC are trying to eliminate. Further, as stipulated in the standard, the parts that are required to be included in the policy – may it be for the Regulating Reserve, Contingency Reserve or Frequency Response Reserve, are intended to demonstrate the "How's", not the "What's". We disagree with this approach. We propose that the standard itself should specify requirements to establish policy which would introducethe "What's":, such as: - the performance target for frequency regulation (within what range); - the performance target for ACE recovery from a contingency (when and within what range); - the performance target for frequency recovery following an event (when and within what range). and leave the "how to" meet these targets to the responsible entities, including how to determine the reserve need, the ways to replenish the reserve that's already used for meeting these performance targets after an initiating event, etc. For so long as the responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation, etc. are irrelevant. The amount of reserve and how to provide the required amount are irrelevant for so long as the performance targets are met. We urge the SDT to redesign the standard accordingly. If the relevant performance targets are already or to be stipulated</p>

elsewhere, then we do not see the need for this BAL-012 standard at all.
No
As indicated in our comments under Q1, we do not see the need for a standard that stipulates the requirement for responsible entities to have a policy with which to specify the "how to". Requirements R2, R4 and R6 simply require the responsible entities to implement this "how to" policy, which in our view do not rise up to the level of a continent-wide reliability standards. In our view, these requirements are also not needed. Notwithstanding the above, the wording in Requirements 2, 4 and 6 is unclear as to the deficiencies that need to be corrected. It's unclear whether the deficiency is in the amount of reserve or is it the deficiency in the policy.
No
As indicated in our comments under Q1, the standard should specify the performance targets for frequency regulation, ACE recovery and frequency recovery. For so long as the responsible entities meet the performance target requirements, the methods used to determine and meet the needs for regulation and the amount of reserve and how to provide the required amount are irrelevant. Hence, we do not see the need for this requirement.
No
We do not see the need to define this term if the standard is revised to one that stipulates the regulation and recovery requirements.
No
We are unable to agree on any VRFs when we do not agree with the requirements proposed in the standard.
No
We are unable to agree on any VSLs when we do not agree with the requirements proposed in the standard.
Please see our comments under Q1. We proposed the SDT to revise this standard to stipulate the "What's", i.e., the performance targets for frequency regulation, ACE recovery and frequency recovery. If such performance targets are already or to be stipulated elsewhere, then we do not see the need for this BAL-012 standard at all.
Group
Tampa Electric Company
Ronald L Donahey
No
With respect to R1.3 and R3.3, from the perspective of a reserve sharing group, the responsible entity would be able to gather transaction information for its member BAs and assess the group's net exports and imports with non-members, however those exports and imports would only be with external Balancing Authorities per the Interchange Standards. Tampa Electric would suggest the following changes to R1.3 and R3.3: "1.3. Consideration of the energy exports and imports with adjacent Balancing Authorities, including an assessment of the ability of the resources within the responsible entity to meet the net ramping requirements associated with these transactions." "3.3. Consideration of the energy exports and imports with adjacent Balancing Authorities." With respect to R1.4, R3.4, and R5.3, Tampa Electric doesn't understand the technical basis for not allowing the double counting of "Frequency Responsive Reserve", Regulating and Contingency Reserves. With respect to R1.5, R3.6 and R5.5, Tampa Electric believes that the words "operating time horizon" should not be subject to interpretation, and suggests that the responsible entity should be allowed to define the period which will be reviewed in its operations planning. Tampa Electric suggests the following changes: 1.5. A review of the responsible entity's Regulating Reserve for the operating time horizon as defined by the responsible entity. 3.6. A review of the responsible entity's Contingency Reserve for the operating time horizon as defined by the responsible entity. 5.5. A review of the responsible entity's Frequency Responsive Reserve for the operating time horizon as defined by the responsible entity. With respect to R1.6, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly for the System Operator. Tampa Electric would appreciate clarification as to which

interpretation applies. With respect to R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Tampa Electric would suggest that R1.6 would have the criteria for determining when Regulating Reserve is deficient, which may be a different threshold than used in day-ahead planning, or in the previous hour, and R1.7 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time. Tampa Electric proposes the following: "1.7. The criteria for restoring depleted Regulating Reserves." With respect to R3.2.1, "Balancing Contingency Event" is undefined and should be included in this standard's definitions. With respect to R3.2.2, "And" should be removed. With respect to R3.3, would it be acceptable if the responsible entity simply states in its Policy that energy import and export schedules with adjacent Balancing Authorities are fully addressed in the Regulating Reserve assessment? With respect to R3.5, Tampa Electric believes that the proposed BAAL under the draft BAL-001 will address any significant loss of load event that causes the Balancing Authority to exceed its BAAL, and does not support the development of BAL-013. As such, Tampa Electric would support language in R3.5 requiring the responsible entity to address its response to a large loss of load based upon a criteria determined by the responsible entity and not predetermined by a draft Standard not yet accepted by the industry. Tampa Electric suggests the following: "3.5. The responsible entity's planned response to a large loss of load as defined by responsible entity." With respect to R3.7, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly for the System Operator. Tampa Electric would appreciate clarification as to which interpretation applies. With respect to R3.8, similar to our concern in R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Tampa Electric would suggest that R3.8 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time: "3.8. The criteria for restoring depleted Contingency Reserves." With respect to R5.6, it could be interpreted that "at least an hourly basis" refers to how often the review takes place, or that some assessment period has to be broken down at least hourly for the System Operator. Tampa Electric would appreciate clarification as to which interpretation applies. With respect to R5.7, similar to our concern in R1.7, the word "how" could be interpreted to require listing the many ways reserves can be restored (how to restore reserves), Tampa Electric would suggest that R5.7 would address the restoration criteria, which could consider current control performance, anticipated load or resource changes, or other factors, along with time: "5.7. The criteria for restoring depleted Frequency Responsive Reserves."

No

As this Standard leaves the possibility that a BA could be a member of multiple reserve sharing groups, we believe that all BAs must be the Responsible Entities to R8, otherwise each type of reserve sharing group would be individually responsible for gathering such information if it is needed(which we question). Please explain the technical basis for why Frequency Responsive Reserves can't be included in Contingency reserves. The cost of carrying concurrent reserves is very significant to the industry the basis for the requirement is not clear to justify that cost.

Yes

Tampa Electric agrees with the Time Horizon of Operations Planning but believes that some of the standard requirements could be misinterpreted as being applicable in the operating time horizon and real-time tracking would be necessary to demonstrate implementation. Tampa Electric supports the suggested measures that should keep the focus of compliance on the development of the policies with the necessary elements required, the periodic review of the policies implemented, and so on, however it be helpful for the standard drafting team to emphasize in its response to comments, that this standard is not to be interpreted in any other manner other than as a standard applicable to "Operations Planning".

Yes

In addition to our suggested modifications above, Tampa Electric provides the following: Tampa Electric believes that the implementation period is too aggressive. Balancing Authorities today are meeting the results-based BAL-001 and BAL-002 standards, as they will be capable of meeting the

newly-approved BAL-003 Frequency Response Standard, without some of the elements presented in this draft planning standard. Enhancing the ability for assessment of the individual reserve types and concurrent use as depicted in the standard, including Requirement R8, will require not-yet-determined vendor modifications to EMS systems and other tools, that will not be undertaken until there is certainty that this standard is moving forward. Tampa Electric would support the implementation time being extended to at least 18 months to accommodate a still-aggressive implementation that will require vendor support stretched to meeting the needs of all of the Balancing Authorities and reserve sharing groups across the industry at the same time.

Though Tampa Electric supports the capability to form or join a "Frequency Response Sharing Group" or "Regulation Reserve Sharing Group", we are concerned about a few issues by their inclusion in this standard: a) Does NERC intend to change its Compliance Registry Criteria to include the various reserve sharing groups? b) Does NERC need to file anything with FERC to recognize such responsible entities?

Individual

Brett Holland

Kansas City Power & Light


R5 only requests a list of EXPECTED sources for frequency response and ANTICIPATED responses. There is no requirement for measure or verification of such information. Assuming "responsible entity" means the entity taking responsibility for a "group" of registered entities, the NERC assigned Frequency Response Obligation for a registered entity may become a bit confusing in a group configuration. FRO is the only "reserve" that has a specified level for registered entities assigned by NERC. Contingency reserve and Regulating reserve are both determined by the "group" for its members. The NERC Frequency Response form does not allow for a "group" concept. The "group" may meet NERC FRO frequency response obligations as a group, but that will not mean each member of the "group" will satisfy its individual FRO now as defined by NERC. I think the Frequency Response calculation form needs to be reformed to allow for an FRSG submission.

Group

ACES Standards Collaborators

Jason Marshall

No

(1) The modifications to R1, R3, and R5 represent an improvement over the previous version of the standard. However, we continue to believe the standard simply is not necessary because it has not been technically justified, it is redundant with existing standards requirements, and would be better addressed in a certification audit. (2) First, establishment of operating reserves is a basic responsibility of a BA. If an entity cannot plan for operating reserves it should not have been certified as a BA. Planning for operating reserves would include determining if a formal operating reserve policy needs to be developed. (3) Second, we are unaware of any significant events that have been caused by the lack of an operating reserve policy. We recommend that the drafting team provide a sound technical basis and examples of events or lessons learned that point to the need for a formal operating reserve policy. If there have been no events, how is this standard going to add any reliability benefit? We recommend changing the purpose statement of this standard to clearly state the additional reliability gains for complying with the proposed standard. At this point, we are not convinced that having these requirements for operating policies provides additional reliable benefit to the BES. (4) Third, parts of Requirements R1 and R3 are redundant with BAL-005-0 R2 and BAL-002-1 R6. BAL-002-1 R6 already compels the BA to restore its contingency reserves, which is redundant

with Part 3.8. We understand that the last posting of BAL-002-2 proposed to eliminate R6. However, without a concurrent posting, we do not know if this requirement will persist or not. BAL-005-0 R2 compels the BA to maintain regulating reserve to meet CPS. Is this not one of the basic purposes of having a regulating reserve policy in Requirement R1? If so, this would represent another redundancy. Furthermore, Part 1.4 is redundant with BAL-005-0 R2. How could a registered entity maintain sufficient regulating reserve to meet CPS if the regulating reserve was counted twice? Either these BAL-005-0 R2 and BAL-002-1 R6 should be eliminated or rolled into the parts of BAL-012 R1, R3 and R5. (5) Fourth, we have not seen any technical justification that demonstrates the existing requirements regarding regulating reserve and contingency reserve are insufficient. (6) Finally, BAL-012-1 R5 appears to be largely redundant with proposed BAL-003-1. BAL-003-1 already requires a BA to achieve a minimal Frequency Response Measure. How can a BA achieve the minimal Frequency Response Measure without performing an evaluation of the amount of frequency responsive reserve, avoiding double counting of reserves, knowing the types of resources and their expected response as required in the various parts R5 BAL-012 requires. (7) Part 1.5, 1.6, 3.6, 3.7, 5.5 and 5.6 are written inconsistent with the main requirement. They state that the operating policy shall contain "a review... for the operating time horizon" and the "ability of... the System Operator(s) to determine" that the entity has the sufficient type of reserve. The policy can't contain the review of the operating time horizon because this has to be performed after the policy is written. Rather, Parts 1.5, 3.6 and 5.5 should be written such that the policy must contain "a requirement to review". A system operator's ability cannot be contained in the operating policy either. Thus, Parts 1.6, 3.7 and 5.6 should be written such that the operating policy must contain "a requirement or responsibility for the system operator to determine on an hourly basis" that there are sufficient reserves. (8) Balancing Contingency Event in Part 3.2.1 is an undefined term. It looks like it was included in the previous posting of BAL-002-2. However, because it is not included here with BAL-012, we do not know if we should assume the definition is unchanged or not. (9) Part 5.1 is the type of requirement that easily meets paragraph 81 criteria. It is purely a documentation requirement that does provide not reliability value. Frequency Response Obligation values will be computed by NERC and communicated to the BAs. These values will be clearly known and will have been documented by NERC. Asking the registered entity to document it in their policy simply does nothing to support reliability.

Yes

(1) Conceptually, we agree this is a good way to prevent this standard from becoming a zero-defect standard. However, the actual implementation of the requirement is less than clear. What does it mean to implement a policy in a way to identify, assess, and correct deficiencies? Must deficiencies in the policy be identified, assessed and corrected or the actual operation of reserves? In other words, is the responsible entity to look for cases in real-time where reserves did not meet policy guidelines, are they to check the policy, and/or are they to check any supporting procedures? If the purpose is to identify, assess, and correct deficiencies in the policy, how does this benefit reliability? If the purpose is to identify, assess and correct reserve deficiencies in real-time, how do the existing requirements such as the need to carry regulating reserves in BAL-005-0.2b R2, the need to carry, operate and replenish contingency reserves in BAL-002-1 to recover from a DCS event, and the need to meet CPS in BAL-001-0.1 not already address these issues? (2) If these requirements persist in some form, they could be combined and included in R1, R3, and R5. This would reduce potential for double jeopardy because a violation of the operating reserve policy is likely to result in a violation of the implementation requirement. As an example, we believe Requirement R1, R3 and R5 could be written as "Each responsible shall have and implement, in a manner that identifies, assesses, and corrects deficiencies, a documented..."

No

(1) It appears that this requirement does not allow overlap in among the reserve categories. We agree this makes sense for regulating reserve and contingency reserve from a planning perspective (not in necessarily in real-time). However, we do not understand why frequency responsive reserve cannot overlap with regulating and contingency reserve. Consider an example where a BA loses a 1000 MW unit. If their frequency responsive reserve provides 100 MW, the BA would only need 900 MW of unloaded contingency reserves to recover from the event. They would need to make sure that the 100 MW of frequency response was sustained. Thus, the 100 MW of frequency responsive reserves could have also been loaded contingency reserves and reliability would still be served. (2) R7 may have unintended consequences that decrease reliability and increase a BA's costs for carrying operating reserves without a commensurate measurable increase in reliability. When a need arises in

real-time, different types of reserve can and should be substituted for one another in real-time to avoid the need to shed load. If the drafting team intends that the different types of reserves can never be substituted, the chances that load could be unnecessarily shed would increase dramatically reducing overall reliability. There has already been a case where compliance with DCS requirements has driven load shedding that may not have been necessary (see OC meeting minutes June 2012). If a BA cannot substitute reserves, the BA will have to carry more reserves. Carrying more reserves leads directly to a dramatic increase in operating costs. There needs to be a clear justification of how these increased costs benefit reliability before they are expended. We do not see any explanation how these changes will in any material way improve reliability. (3) We do not understand why Requirement R8 could not be included in Requirement R1 and R3. R1 and R3 could have parts that simply state that contingency reserves and regulating reserves cannot overlap.

Yes

Yes

Because this standard is an administrative standard, we agree that the VRFs should be set to Lower. However, we continue to believe the standard is not needed and the fact that not a single requirement has a VRF higher than Lower supports this position.

No

We disagree with the VSLs for R7. Part 7.4 does not contribute to reliability to the same level that that the other parts do. It is purely administrative.

(1) A solid technical justification for why this standard is needed is necessary to gain industry support. The justification needs to show how reliability will be measurably improved by compelling entities to have operating reserve policies and how the existing requirements regarding the various components of operating reserve are insufficient. The justification needs to be more than a gap analysis where we, in essence, say that there is not a requirement to have an operating reserve policy so we need one. It needs to show actual examples of where reliability was harmed by a lack of such policy. To date, we have not seen any identification of an event where reliability was harmed or an event was caused by the lack of an operating reserve policy. Furthermore, the background document does not provide this substantial justification. Rather, it mostly repeats the language in the requirements. What little explanation is provided for why the requirements are needed is contained in the introduction and is not substantial. One stated reason for the requirements to have operating policies is that the requirements will allow the arrangement of contracts, agreements and testing. It never explains why an existing requirement such as BAL-005-0.2b that compels an entity to have sufficient regulating reserves to meet CPS or proposed BAL-003-1 R1 that would require a minimum frequency response measure would not compel a responsible entity to arrange for contracts, agreements and testing if they are necessary. Is the threat of sanctions of \$1 million per day per event somehow not enough motivation to enter into these agreements if an entity determines it does not have sufficient reserves? Short of this substantial justification, it is hard to imagine supporting this standard. (2) We believe this proposed standard actually exceeds the scope of the original SARs. We can find no mention of any plan to develop a standard regarding regulating reserve, frequency responsive reserve or contingency reserve. The closest mention that we can find is to address a directive from FERC to establish a continent wide contingency reserve policy. A policy is not a standard. FERC has been very clear when they ask for a standard in the past so we can assume that a policy or whitepaper would be sufficient to meet this directive. Furthermore, inclusion of regulating reserve and frequency responsive reserve exceeds the requirement. We encourage the drafting team to terminate development of this proposed BAL-012 standard and begin working on development of a continent-wide contingency reserve policy/whitepaper to bring the project back in line with the original scope outlined in the SAR. (3) Specific changes that we believe are needed to support this standard are contained in our responses to other questions.

(1) All parts of requirement R7 are unnecessary, redundant or could be incorporated into Requirements R1, R3, and R5 respectively. First, parts 7.1 and 7.2 are redundant with Parts 1.1, 3.1, and 5.4. Parts 1.1 and 3.1 specify that the operating policy must include the method for determining the regulating and contingency reserve needs respectively. Wouldn't the method for determining the needs for regulating reserve and contingency reserve include the minimum reserve requirement for reserve sharing groups as required in Part 7.1? Requirements R1 and R3 would apply to these reserve sharing groups. (2) Second, part 7.2 is redundant with parts 1.1 and 3.1. Wouldn't the method for

determining contingency reserve and regulating reserve needs for a reserve sharing group also include how to allocate reserves as required in Part 7.2? Again, part 1.1 and 3.1 would also apply to the reserve sharing groups. (3) Third, part 7.3 could be incorporated as a part in Requirements R1, R3, and R5. For example, a part in each of these three requirements could be: "the procedure for allocating reserves, if a (regulating, contingency, frequency) reserve sharing group." (4) Fourth, Part 7.4 is a requirement that meets several criteria from the paragraph 81 project which is intended to eliminate unnecessary requirements. It would clearly meet the administrative and reporting criteria under section B and would do "little, if anything, to benefit or protect reliable operation of the BES". Thus, it should be struck. (5) Fifth, the registration process already identifies whether an RSG exists and which BAs participate. It requires documentation of these types of agreements. NERC could easily make this part of the registration process and not register a reserve sharing groups that do not meet these items in the requirements outlined their agreements. Has the drafting team coordinated with NERC compliance to determine the feasibility of creating two new registered functions? (6) Is there a reason that a Joint Registration Organization or Coordinated Functional Registration (CFR) could not be used in place of creating two new functional entities? A CFR would be very fitting for a group of entities that have agreed to share frequency and/or regulating reserves to jointly meet NERC requirements. (7) We continue to disagree with the data retention requirements of up to four years. It is not consistent with NERC Rules of Procedure. Section 3.1.4.2 of Appendix 4C – Compliance Monitoring and Enforcement Program states that the compliance audit will cover the period from the day after the last compliance audit to the end date of the current compliance audit. The "current year, plus three calendar years" exceeds the compliance audit period of three years for the BA. We suggest just stating directly that data should be retained since the last audit period for BAs. The existing language should be retained for the various reserve sharing groups since their audit cycle may be up to six years.

Individual
Robert Blohm
Keen Resources Asia Ltd.
Yes
Individual
Brian Murphy
NextEra Energy
Agree
Duke Energy
Individual
Oliver Burke
Entergy Services, Inc. (Transmission)
Agree
SERC Reliability Corporation

Group
Bonneville Power Administration
Jamison Dye
No
<p>1a. BPA is unclear on the distinction the drafting team is making between a “policy” and a “plan.” The NERC Glossary and NERC Standards define the terms “Operating Plan,” “Operating Process,” and “Operating Procedure,” but do not define operating “policy.” The NERC Glossary defines an “Operating Plan” as “[a] document that identifies a group of activities that may be used to achieve some goal. An Operating Plan may contain Operating Procedures and Operating Processes. A company-specific system restoration plan that includes an Operating Procedure for black-starting units, Operating Processes for communicating restoration progress with other entities, etc., is an example of an Operating Plan.” The Glossary defines an “Operating Procedure” as “[a] document that identifies specific steps or tasks that should be taken by one or more specific operating positions to achieve specific operating goal(s). The steps in an Operating Procedure should be followed in the order in which they are presented, and should be performed by the position(s) identified. A document that lists the specific steps for a system operator to take in removing a specific transmission line from service is an example of an Operating Procedure.” The Glossary defines “Operating Process” as “A document that identifies general steps for achieving a generic operating goal. An Operating Process includes steps with options that may be selected depending upon Real-time conditions. A guideline for controlling high voltage is an example of an Operating Process.” BPA requests that the drafting team incorporate one of these defined terms into the standard or define “Operating Policy” to make it more clear what information is expected in a reserve policy. 1b. BPA agrees with the drafting team’s decision to incorporate the previous version of R5 (a weekly review of an operational plan) into subrequirements R1.5, R3.6, and R5.5. However, BPA does not agree with the drafting team’s use of the term “operating time horizon” in these subrequirements because the term is unclear. BPA suggests that the drafting team define the term or provide a clearer and more measurable standard like the weekly review included in the original requirements.</p>
Yes
No
<p>1. BPA requests clarification on how the drafting team anticipates that BAs would separately account for Frequency Responsive Reserves. 2. In WECC, BAs are required to hold a large amount of contingency reserves (the greater of MSSC or 5% hydro + 7% thermal, half of which must be spinning). These reserves also provide frequency response. As Hydro Quebec noted in the last comment round, requirements already exist to measure the BA performance for each type of reserve. Regulating reserve performance is measured through BAL-001 (CPS1, BAAL). Contingency reserve performance is measured through BAL-002 (DCS), and frequency responsive reserve performance will be measured through the new BAL-003. BPA believes that the separate accounting requirement in R8 will require BAs to carry more Frequency Responsive Reserves than needed to meet performance requirements because in WECC, entities are currently required to carry their Frequency Responsive Reserves with their Contingency Reserve obligation (BAL-STD-002-0) which is higher in WECC than other regions.</p>
No
<p>NERC defines the “Operations Planning” Time Horizon as “operating and resource plans from day-ahead up to and including seasonal.” BPA believes that the “Operations Planning” time horizon is appropriate for R1, R3, R5, R7, and R8. BPA believes that additional clarification is needed for the Time Horizon associated with R2, R4, and R6. Drafting Team responses to BPA comments suggest that R6 “requires the BA to review reserves in the real-time environment and make adjustments,” which implies that the “Same-Day Operations” and “Real-Time Operations” Time Horizons also apply. In a large hydropower system dependent on a variety of water management objectives, reserve planning continues from the planning horizon through the operating day and into real-time. BPA requests that the drafting team better clarify whether the standard will apply to Same-Day Operations and Real-Time Operations. <a href="http://www.nerc.com/files/Time_Horizons.pdf">http://www.nerc.com/files/Time_Horizons.pdf</a> In addition, other standards that incorporate the “identify, assess, and correct” framework (like the draft COM-003 standard) imply an after-the-fact assessment that would fall under the “Operations Assessment” Time Horizon.</p>

System Operators would not correct a "reserve policy" itself within the hour, rather they would update their operational plan as needed. R2, R4, and R6 appear to target both updates to real-time operations and operational policy updates. BPA also requests that the drafting team clarify whether the "Operations Assessment" Time Horizon applies and requires after-the-fact corrections to reserve policies.

Yes

No

BPA believes that R2, R4, and R6 VSLs should be adjusted. The failure to correct a deficiency of a very small magnitude should not automatically trigger a severe violation. BPA suggests that the VSLs be adjusted to reflect violations of different magnitudes. In addition, the VSLs for R2, R4, and R6 do not address what VSL would apply if an entity fails to assess the policy or fails to identify a deficiency.

BPA generally supports the concepts outlined in the proposed standard.

BPA believes that the standard should include a requirement that BAs or RSGs share reserve policies with their Reliability Coordinators so that they will be able to assess whether reserve policies are compatible and adequate to assure regional resource sufficiency. Requirements R 1.4, R3.4, and R5.3 prohibit entities from counting capability in a reserve policy that is already included in another entity's policy, but the standard does not provide a sharing or review mechanism for entities to assess whether double-counting could be occurring.

Group

SPP Standards Review Group

Robert Rhodes

No

We are having some difficulty determining why the SDT changed the terminology of the standard from a 'plan' to a 'policy'. In some corporate settings, the establishment of a policy within the organization requires senior management approval. We don't necessarily believe that a plan to maintain operating reserves requires such rigor. If the standard is implemented with this phrasing it can cause additional administrative burdens to responsible entities. Why did the SDT make the change? We would recommend reverting back to 'plan'. In Requirement 3.5 reference is made to 'response to a Large Loss of Load event'. We believe that Requirement 3.5 does not belong in BAL-012. There is no reference to Large Loss of Load in BAL-002 regarding Contingency Reserves therefore it doesn't belong in BAL-012 in conjunction with Contingency Reserves. We recommend deleting Requirement 3.5 confining comments to Large Loss of Load to BAL-013. If the SDT chooses to keep Requirement 3.5, what happens to it if BAL-013 is not approved?

Yes

While we are glad to see an effort on the part of the drafting team and NERC to move away from 'zero tolerance' requirements and move toward internal controls to address deficiencies, we are concerned as to how this process will be implemented if it is approved. We are concerned about how CEA will respond to such a situation. Perhaps we need a more descriptive methodology of how this process will actually work in the field.

No

Requirement 8 introduces a double jeopardy situation in conjunction with BAL-001, BAL-002 or BAL-003. If a BA doesn't properly separate reserves into the Regulating, Contingency or Frequency Responsive buckets and allows one bucket to draw from another, not only is that BA in violation of Requirement 8 in BAL-012 but the BA may also be in violation of BAL-001, BAL-002 or BAL-003 if an unintended bucket has its reserves significantly reduced by an event in another bucket. This double jeopardy situation needs to be eliminated. Additionally, we are also very much aware that R8 brings with it a considerable amount of extra baggage in the form of software development and implementation to appropriately split reserves into 3 distinct categories, monitor, and provide evidence of compliance associated with the actual usage of the reserves. Similar arguments hold for the implementation of this concept in RTO markets across the interconnections. As we have indicated in previous postings, this will have a significant impact on when the industry will be ready to implement BAL-012. Some adjustment in the proposed 12-month implementation period may be necessary.

Yes

Yes

No

The phrasing following the 'Or' in the Severe VSL for R3, R5 and R7 refers to Regulating Reserve Policy. This appears to be a cut & paste error. R3 should refer to a Contingency Reserve Policy and R5 should refer to a Frequency Response Reserve Policy. R7 should refer to a generic reserve policy or be deleted entirely. That said, with the current emphasis on the elimination of administrative requirements in the Paragraph 81 project, shouldn't there be some consideration given for the impact that the responsible entities have on the BES in the determination of VSLs? For example, should the VSL for a very small BA which has little or no impact on the BES be held to the same Severe VSL as a large Reserve Sharing Group with tens of thousands of MWs of generating capacity? This applies not only to the need for a written policy but also the administrative task of maintaining that policy. If a policy is being implemented that adheres to the standard but is not adequately documented and the impact to the BES is minimal, should consideration be given in establishment of the VSLs?