A. Introduction

1. **Title:** Real Power Balancing Control Performance

2. **Number:** BAL-001-1

3. **Purpose:** To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time.

4. **Applicability:**

   4.1. Balancing Authorities

5. **Effective Date:** The WECC Regional Variance to NERC Reliability Standard BAL-001-1 is to be effective on the first day of the second quarter, after regulatory approval.

B. Requirements

R1. Each Balancing Authority shall operate such that, on a rolling 12-month basis, the average of the clock-minute averages of the Balancing Authority’s Area Control Error (ACE) divided by 10B (B is the clock-minute average of the Balancing Authority Area’s Frequency Bias) times the corresponding clock-minute averages of the Interconnection’s Frequency Error is less than a specific limit. This limit \( \varepsilon_1^2 \) is a constant derived from a targeted frequency bound (separately calculated for each Interconnection) that is reviewed and set as necessary by the NERC Operating Committee.

\[
AVG_{Period} \left[ \frac{ACE_i}{-10B} \right] \leq \varepsilon_1^2 \quad \text{or} \quad \frac{AVG_{Period} \left[ \frac{ACE_i}{-10B} \right]}{\varepsilon_1^2} \leq 1
\]

The equation for ACE is:

\[
ACE = (N_{IA} - N_{IS}) - 10B (F_A - F_S) - I_{ME}
\]

where:

- \( N_{IA} \) is the algebraic sum of actual flows on all tie lines.
- \( N_{IS} \) is the algebraic sum of scheduled flows on all tie lines.
- \( B \) is the Frequency Bias Setting (MW/0.1 Hz) for the Balancing Authority. The constant factor 10 converts the frequency setting to MW/Hz.
- \( F_A \) is the actual frequency.
- \( F_S \) is the scheduled frequency. \( F_S \) is normally 60 Hz but may be offset to effect manual time error corrections.
- \( I_{ME} \) is the meter error correction factor typically estimated from the difference between the integrated hourly average of the net tie line flows (\( N_{IA} \)) and the hourly net interchange demand measurement (megawatt-hour). This term should normally be very small or zero.

R2. Each Balancing Authority shall operate such that its average ACE for at least 90% of clock-ten-minute periods (6 non-overlapping periods per hour) during a calendar month is within a specific limit, referred to as \( L_{10} \).

\[
AVG_{10 \text{-minute}} (ACE_i) \leq L_{10}
\]
where:
\[ L_{10} = 1.65 \sqrt{(-10B)}(-10B) \]

\( \varepsilon_{10} \) is a constant derived from the targeted frequency bound. It is the targeted root-mean-square (RMS) value of ten-minute average Frequency Error based on frequency performance over a given year. The bound, \( \varepsilon_{10} \), is the same for every Balancing Authority Area within an Interconnection, and \( B_s \) is the sum of the Frequency Bias Settings of the Balancing Authority Areas in the respective Interconnection. For Balancing Authority Areas with variable bias, this is equal to the sum of the minimum Frequency Bias Settings.

R3. Each Balancing Authority providing Overlap Regulation Service shall evaluate Requirement R1 (i.e., Control Performance Standard 1 or CPS1) and Requirement R2 (i.e., Control Performance Standard 2 or CPS2) using the characteristics of the combined ACE and combined Frequency Bias Settings.

R4. Any Balancing Authority receiving Overlap Regulation Service shall not have its control performance evaluated (i.e. from a control performance perspective, the Balancing Authority has shifted all control requirements to the Balancing Authority providing Overlap Regulation Service).

C. Measures

M1. Each Balancing Authority shall achieve, as a minimum, Requirement 1 (CPS1) compliance of 100%.

CPS1 is calculated by converting a compliance ratio to a compliance percentage as follows:

\[ \text{CPS1} = (2 - \text{CF}) \times 100\% \]

The frequency-related compliance factor, CF, is a ratio of all one-minute compliance parameters accumulated over 12 months divided by the target frequency bound:

\[ CF = \frac{CF_{12\text{-month}}}{(\varepsilon_1)^2} \]

where: \( \varepsilon_1 \) is defined in Requirement R1.

The rating index \( CF_{12\text{-month}} \) is derived from 12 months of data. The basic unit of data comes from one-minute averages of ACE, Frequency Error and Frequency Bias Settings.

A clock-minute average is the average of the reporting Balancing Authority’s valid measured variable (i.e., for ACE and for Frequency Error) for each sampling cycle during a given clock-minute.

\[ \left( \frac{ACE}{-10B} \right)_{\text{clock-minute}} = \frac{\sum ACE_{\text{sampling cycles in clock-minute}}}{n_{\text{sampling cycles in clock-minute}}} - 10B \]

\[ \Delta F_{\text{clock-minute}} = \frac{\sum \Delta F_{\text{sampling cycles in clock-minute}}}{n_{\text{sampling cycles in clock-minute}}} \]

The Balancing Authority’s clock-minute compliance factor (CF) becomes:
Normally, sixty (60) clock-minute averages of the reporting Balancing Authority’s ACE and of the respective Interconnection’s Frequency Error will be used to compute the respective hourly average compliance parameter.

\[
CF_{\text{clock-minute}} = \left[ \frac{ACE}{-10B} \right] \Delta F_{\text{clock-minute}}
\]

The reporting Balancing Authority shall be able to recalculate and store each of the respective clock-hour averages (CF clock-hour average-month) as well as the respective number of samples for each of the twenty-four (24) hours (one for each clock-hour, i.e., hour-ending (HE) 0100, HE 0200, ..., HE 2400).

\[
CF_{\text{clock-hour}} = \frac{\sum CF_{\text{clock-minute}}}{n_{\text{clock-minute samples in hour}}}
\]

The 12-month compliance factor becomes:

\[
CF_{12\text{-month}} = \frac{\sum_{i=1}^{12} (CF_{\text{month}})(n_{\text{one-minute samples in month}})}{\sum_{i=1}^{12} n_{\text{one-minute samples in month}}}
\]

In order to ensure that the average ACE and Frequency Deviation calculated for any one-minute interval is representative of that one-minute interval, it is necessary that at least 50% of both ACE and Frequency Deviation samples during that one-minute interval be present. Should a sustained interruption in the recording of ACE or Frequency Deviation due to loss of telemetering or computer unavailability result in a one-minute interval not containing at least 50% of samples of both ACE and Frequency Deviation, that one-minute interval shall be excluded from the calculation of CPS1.

**M2.** Each Balancing Authority shall achieve, as a minimum, Requirement R2 (CPS2) compliance of 90%. CPS2 relates to a bound on the ten-minute average of ACE. A compliance percentage is calculated as follows:

\[
CPS2 = \left[ 1 - \frac{\text{Violations}_{\text{month}}}{\left( \text{Total Periods}_{\text{month}} - \text{Unavailable Periods}_{\text{month}} \right)} \right] \times 100
\]

The violations per month are a count of the number of periods that ACE clock-ten-minutes exceeded L_{10}. ACE clock-ten-minutes is the sum of valid ACE samples within a clock-ten-minute period divided by the number of valid samples.
Violation clock-ten-minutes
\[
= 0 \text{ if } \left| \sum_{\text{n samples in 10-minutes}}^{\text{ACE}} \right| \leq L_{10}
\]
\[
= 1 \text{ if } \left| \sum_{\text{n samples in 10-minutes}}^{\text{ACE}} \right| > L_{10}
\]

Each Balancing Authority shall report the total number of violations and unavailable periods for the month. L_{10} is defined in Requirement R2.

Since CPS2 requires that ACE be averaged over a discrete time period, the same factors that limit total periods per month will limit violations per month. The calculation of total periods per month and violations per month, therefore, must be discussed jointly.

A condition may arise which may impact the normal calculation of total periods per month and violations per month. This condition is a sustained interruption in the recording of ACE.

In order to ensure that the average ACE calculated for any ten-minute interval is representative of that ten-minute interval, it is necessary that at least half the ACE data samples are present for that interval. Should half or more of the ACE data be unavailable due to loss of telemetering or computer unavailability, that ten-minute interval shall be omitted from the calculation of CPS2.

D. Compliance

1. Compliance Monitoring Process

1.1. Compliance Monitoring Responsibility
Regional Reliability Organization.

1.2. Compliance Monitoring Period and Reset Timeframe
One calendar month.

1.3. Data Retention
The data that supports the calculation of CPS1 and CPS2 (Appendix 1-BAL-001-0) are to be retained in electronic form for at least a one-year period. If the CPS1 and CPS2 data for a Balancing Authority Area are undergoing a review to address a question that has been raised regarding the data, the data are to be saved beyond the normal retention period until the question is formally resolved. Each Balancing Authority shall retain for a rolling 12-month period the values of: one-minute average ACE (ACE_i), one-minute average Frequency Error, and, if using variable bias, one-minute average Frequency Bias.

1.4. Additional Compliance Information
None.

2. Levels of Non-Compliance – CPS1

2.1. Level 1: The Balancing Authority Area’s value of CPS1 is less than 100% but greater than or equal to 95%.

2.2. Level 2: The Balancing Authority Area’s value of CPS1 is less than 95% but greater than or equal to 90%.
2.3. **Level 3:** The Balancing Authority Area’s value of CPS1 is less than 90% but greater than or equal to 85%.

2.4. **Level 4:** The Balancing Authority Area’s value of CPS1 is less than 85%.

3. **Levels of Non-Compliance – CPS2**

3.1. **Level 1:** The Balancing Authority Area’s value of CPS2 is less than 90% but greater than or equal to 85%.

3.2. **Level 2:** The Balancing Authority Area’s value of CPS2 is less than 85% but greater than or equal to 80%.

3.3. **Level 3:** The Balancing Authority Area’s value of CPS2 is less than 80% but greater than or equal to 75%.

3.4. **Level 4:** The Balancing Authority Area’s value of CPS2 is less than 75%.

E. **Regional Differences**


E.B. Regional Variance for the Western Electricity Coordinating Council

The following Interconnection-wide variance shall be applicable in the Western Interconnection and replaces, in their entirety, Requirement R1 and Section D.2. (i.e., under Compliance replace Levels of Non-Compliance – CPS1). Please note that the ACE equation is replaced in its entirety with the following equation identified in Requirement E.B.1.

**Requirements and Measures**

E.B.1. Each Balancing Authority shall operate such that, on a rolling 12-month basis, the average of the clock-minute averages of the Balancing Authority’s Area Control Error (ACE) divided by 10B (B is the clock-minute average of the Balancing Authority Area’s Frequency Bias) times the corresponding clock-minute averages of the Interconnection’s Frequency Error is less than a specific limit. This limit $\varepsilon_1^2$ is a constant derived from a targeted frequency bound (separately calculated for each Interconnection) that is reviewed and set as necessary by the NERC Operating Committee.

$$AVG_{Period} \left( \frac{ACE_i}{-10B_i} \right)_i * \Delta F_1 \leq \varepsilon_1^2 \text{ or } AVG_{Period} \left( \frac{ACE_i}{-10B_i} \right)_i * \Delta F_1 \leq 1$$

The equation for ACE in the Western Interconnection is:

$$ACE = (NI_A - NI_S) - 10B(F_A - F_S) - I_{ME} + I_{ATEC}$$

where:

- $NI_A$ is the algebraic sum of actual flows on all tie lines.
- $NI_S$ is the algebraic sum of scheduled flows on all tie lines.
• B is the Frequency Bias Setting (MW/0.1 Hz) for the Balancing Authority. The constant factor 10 converts the frequency setting to MW/Hz.

• FA is the actual frequency.

• FS is the scheduled frequency. FS is normally 60 Hz but may be offset to effect manual time error corrections.

• IME is the meter error correction factor typically estimated from the difference between the integrated hourly average of the net tie line flows (NIₐ) and the hourly net interchange demand measurement (megawatt-hour). This term should normally be very small or zero.

\[ I_{ATEC} = \frac{\text{PII}_{\text{on/off peak}}^{\text{accum}}}{(1-Y) \cdot H} \] when operating in Automatic Time Error Correction control mode.

I_{ATEC} shall be zero when operating in any other AGC mode.

• Y = B / BS.

• H = Number of Hours used to payback Primary Inadvertent Interchange energy. The value of H is set to 3.

• BS = Frequency Bias for the Interconnection (MW / 0.1 Hz).

• Primary Inadvertent Interchange (PII_{hourly}) is \((1-Y) \cdot (\Pi_{\text{actual}} - B \cdot \Delta \text{TE/6})\)

• \Pi_{\text{actual}} is the hourly Inadvertent Interchange for the last hour.

• \Delta \text{TE is the hourly change in system Time Error as distributed by the Interconnection Time Monitor. Where:}

\[ \Delta \text{TE} = \text{TE}_{\text{end hour}} - \text{TE}_{\text{begin hour}} - \text{TD}_{\text{adj}} - (t) \cdot (\text{TE}_{\text{offset}}). \]

• TD_{adj} is the Reliability Coordinator adjustment for differences with Interconnection Time Monitor control center clocks.

• t is the number of minutes of Manual Time Error Correction that occurred during the hour.

• TE_{offset} is 0.000 or +0.020 or -0.020.

• PII_{accum} is the Balancing Authority’s accumulated PII_{hourly} in MWh. An On-Peak and Off-Peak accumulation accounting is required.

Where:

\[ \text{PII}_{\text{on/off peak}}^{\text{accum}} = \text{last period’s PII}_{\text{on/off peak}}^{\text{accum}} + \text{PII}_{\text{hourly}} \]

[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]

M.E.B.1. Each Balancing Authority shall achieve, as a minimum, Requirement E.B.1 (CPS1) compliance of 100%.

CPS1 is calculated by converting a compliance ratio to a compliance percentage as follows:

\[ \text{CPS1} = (2 - \text{CF}) \times 100\% \]

The frequency-related compliance factor, CF, is a ratio of all one-minute compliance parameters accumulated over 12 months divided by the target frequency bound:
\[ CF = \frac{CF_{12\text{-month}}}{(\varepsilon_1)^2} \]

where: \(\varepsilon_1\) is defined in Requirement E.B.1.

The rating index \(CF_{12\text{-month}}\) is derived from 12 months of data. The basic unit of data comes from one-minute averages of ACE, Frequency Error and Frequency Bias Settings.

A clock-minute average is the average of the reporting Balancing Authority’s valid measured variable (i.e., for ACE and for Frequency Error) for each sampling cycle during a given clock-minute.

\[
\left(\frac{ACE}{-10B}\right)_{\text{clock-minute}} = \left(\frac{\sum ACE_{\text{sampling cycles in clock-minute}}}{n_{\text{sampling cycles in clock-minute}}}\right) - 10B
\]

\[ \Delta F_{\text{clock-minute}} = \sum \frac{\Delta F_{\text{sampling cycles in clock-minute}}}{n_{\text{sampling cycles in clock-minute}}} \]

The Balancing Authority’s clock-minute compliance factor (CF) becomes:

\[
CF_{\text{clock-minute}} = \left[\left(\frac{ACE}{-10B}\right)_{\text{clock-minute}} \ast \Delta F_{\text{clock-minute}}\right]
\]

Normally, sixty (60) clock-minute averages of the reporting Balancing Authority’s ACE and of the respective Interconnection’s Frequency Error will be used to compute the respective hourly average compliance parameter.

\[
CF_{\text{clock-hour}} = \frac{\sum CF_{\text{clock-minute}}}{n_{\text{clock-minute samples in hour}}}
\]

The reporting Balancing Authority shall be able to recalculate and store each of the respective clock-hour averages (CF clock-hour average-month) as well as the respective number of samples for each of the twenty-four (24) hours (one for each clock-hour, i.e., hour-ending (HE) 0100, HE 0200, ..., HE 2400).

\[
CF_{\text{clock-hour average-month}} = \frac{\sum [(CF_{\text{clock-hour}})(n_{\text{one-minute samples in clock-hour}})]}{\sum [n_{\text{one-minute samples in clock-hour}}]} 
\]

\[
CF_{\text{month}} = \frac{\sum [(CF_{\text{clock-hour average-month}})(n_{\text{one-minute samples in clock-hour averages}})]}{\sum [n_{\text{one-minute samples in clock-hour averages}}]}
\]

The 12-month compliance factor becomes:
\[
CF_{12\text{-month}} = \frac{\sum_{i=1}^{12} (CF_{\text{month-i}})(n_{\text{(one-minute samples in month-i)}})}{\sum_{i=1}^{12} n_{\text{(one-minute samples in month-i)}}}
\]

In order to ensure that the average ACE and Frequency Deviation calculated for any one-minute interval is representative of that one-minute interval, it is necessary that at least 50% of both ACE and Frequency Deviation samples during that one-minute interval be present. Should a sustained interruption in the recording of ACE or Frequency Deviation due to loss of telemetering or computer unavailability result in a one-minute interval not containing at least 50% of samples of both ACE and Frequency Deviation, that one-minute interval shall be excluded from the calculation of CPS1.

**E.B.2.** Each Balancing Authority shall limit the absolute value of \(I_{\text{ATEC}}\), the Automatic Time Error Correction term as follows: *[Violation Risk Factor: Medium] [Time Horizon: Real-time Operations]*

\[|I_{\text{ATEC}}| \leq L_{\text{max}}.\]

**M.E.B.2.** Forms of acceptable evidence for Requirement E.B.2 may include, but are not limited to:
- Dated Energy Management System (EMS) displays,
- WECC Interchange Tool, EMS application code, or
- Other archived data that demonstrates compliance.

**E.B.3.** Each Balancing Authority shall set \(L_{\text{max}}\) within the limits as follows:

\[0.20 \times |B| \leq L_{\text{max}} \leq L_{10}.\]

*[Violation Risk Factor: Medium] [Time Horizon: Operations Planning]*

**M.E.B.3.** Forms of acceptable evidence for Requirement E.B.3 may include, but is not limited to:
- Dated Energy Management System (EMS) displays,
- WECC Interchange Tool, EMS application code, or
- Other archived data that demonstrates compliance.

**E.B Compliance**

1. **Evidence Retention**

The following evidence retention periods identify the period of time an entity is required to retain specific evidence to demonstrate compliance. For instances where the evidence retention period specified below is shorter than the time since the last audit, the Compliance Enforcement Authority may ask an entity to provide other evidence to show that it was compliant for the full time period since the last audit.

Each Balancing Authority in the Western Interconnection shall retain the values of \(I_{\text{ATEC}}\) and \(L_{\text{max}}\) for the preceding calendar year (January – December), as well as the current calendar year.
## Table of Compliance Elements

<table>
<thead>
<tr>
<th>E #</th>
<th>Time Horizon</th>
<th>VRF</th>
<th>Violation Severity Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lower VSL</td>
</tr>
<tr>
<td>E.B.1</td>
<td>Real-time Operations</td>
<td>Medium</td>
<td>The Balancing Authority Area’s value of CPS1 was less than 100% but greater than or equal to 95%.</td>
</tr>
<tr>
<td>E.B.2</td>
<td>Real-time Operations</td>
<td>Medium</td>
<td>N/A</td>
</tr>
<tr>
<td>E.B.3</td>
<td>Operations Planning</td>
<td>Medium</td>
<td>N/A</td>
</tr>
</tbody>
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F. Associated Documents

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Action</th>
<th>Change Tracking</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>February 8, 2005</td>
<td>BOT Approval</td>
<td>New</td>
</tr>
<tr>
<td>0</td>
<td>April 1, 2005</td>
<td>Effective Implementation Date</td>
<td>New</td>
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<tr>
<td>0</td>
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<td>Removed “Proposed” from Effective Date</td>
<td>Errata</td>
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<tr>
<td>0</td>
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<td>Corrected R3 to reference M1 and M2 instead of R1 and R2</td>
<td>Errata</td>
</tr>
<tr>
<td>0a</td>
<td>December 19, 2007</td>
<td>Added Appendix 2 – Interpretation of R1 approved by BOT on October 23, 2007</td>
<td>Revised</td>
</tr>
<tr>
<td>0a</td>
<td>January 16, 2008</td>
<td>In Section A.2., Added “a” to end of standard number</td>
<td>Errata</td>
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<tr>
<td></td>
<td></td>
<td>In Section F, corrected automatic numbering from “2” to “1” and removed “approved” and added parenthesis to “(October 23, 2007)”</td>
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<td>January 23, 2008</td>
<td>Reversed errata change from July 24, 2007</td>
<td>Errata</td>
</tr>
<tr>
<td>0.1a</td>
<td>October 29, 2008</td>
<td>Board approved errata changes; updated version number to “0.1a”</td>
<td>Errata</td>
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<tr>
<td>0.1a</td>
<td>May 13, 2009</td>
<td>Approved by FERC</td>
<td></td>
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<tr>
<td>1</td>
<td>December 19, 2012</td>
<td>Adopted by NERC Board of Trustees</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>October 16, 2013</td>
<td>A FERC Letter Order was issued on October 16, 2013, approving BAL-001-1. This standard will become enforceable on April 1, 2014.</td>
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</table>
# Appendix 1-BAL-001-1
## CPS1 and CPS2 Data

<table>
<thead>
<tr>
<th>CPS1 DATA</th>
<th>Description</th>
<th>Retention Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\varepsilon_1$</td>
<td>A constant derived from the targeted frequency bound. This number is the same for each Balancing Authority Area in the Interconnection.</td>
<td>Retain the value of $\varepsilon_1$ used in CPS1 calculation.</td>
</tr>
<tr>
<td>$\text{ACE}_i$</td>
<td>The clock-minute average of ACE.</td>
<td>Retain the 1-minute average values of ACE (525,600 values).</td>
</tr>
<tr>
<td>$B_i$</td>
<td>The Frequency Bias of the Balancing Authority Area.</td>
<td>Retain the value(s) of $B_i$ used in the CPS1 calculation.</td>
</tr>
<tr>
<td>$F_A$</td>
<td>The actual measured frequency.</td>
<td>Retain the 1-minute average frequency values (525,600 values).</td>
</tr>
<tr>
<td>$F_S$</td>
<td>Scheduled frequency for the Interconnection.</td>
<td>Retain the 1-minute average frequency values (525,600 values).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CPS2 DATA</th>
<th>Description</th>
<th>Retention Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$V$</td>
<td>Number of incidents per hour in which the absolute value of ACE clock-ten-minutes is greater than $\varepsilon_{10}$.</td>
<td>Retain the values of $V$ used in CPS2 calculation.</td>
</tr>
<tr>
<td>$\varepsilon_{10}$</td>
<td>A constant derived from the frequency bound. It is the same for each Balancing Authority Area within an Interconnection.</td>
<td>Retain the value of $\varepsilon_{10}$ used in CPS2 calculation.</td>
</tr>
<tr>
<td>$B_i$</td>
<td>The Frequency Bias of the Balancing Authority Area.</td>
<td>Retain the value of $B_i$ used in the CPS2 calculation.</td>
</tr>
<tr>
<td>$B_s$</td>
<td>The sum of Frequency Bias of the Balancing Authority Areas in the respective Interconnection. For systems with variable bias, this is equal to the sum of the minimum Frequency Bias Setting.</td>
<td>Retain the value of $B_s$ used in the CPS2 calculation. Retain the 1-minute minimum bias value (525,600 values).</td>
</tr>
<tr>
<td>$U$</td>
<td>Number of unavailable ten-minute periods per hour used in calculating CPS2.</td>
<td>Retain the number of 10-minute unavailable periods used in calculating CPS2 for the reporting period.</td>
</tr>
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</table>
Guidance and Rationale

Rationale for E.B.1

Premise: When a Balancing Authority Area uses the ACE equation with an ATEC correction component for both control and assessing performance, it provides a more accurate measurement of the Control Performance methodology while at the same time achieving the same reliability objective as the existing BAL-001-0.1a standard.

Justification: Adding the $I_{ATEC}$ term to the ACE equation reduces the number of manual time error corrections and $\text{PII}_{\text{accum}}$.

Goal: To establish an ACE equation that permits the implementation of Automatic Time Error Correction.

Rationale for E.B.2

Premise: $I_{ATEC}$ greater than $L_{\text{max}}$ may result in a risk to reliability caused by large ATEC payback.

Justification: Balancing Authorities should not control their Balancing Authority Areas using an approach that puts system reliability at risk.

Goal: The goal of Requirement E.B.2 is to limit $I_{ATEC}$ to $L_{\text{max}}$ in order to reduce potential reliability risks to the interconnection caused by a large ATEC payback term.

Rationale for E.B.3

Premise: Operating within an $L_{\text{max}}$ less than $0.20 \times |B|$ may not provide sufficient correction for PII and operating with an $L_{\text{max}}$ greater than $L_{10}$ may result in potential reliability risks caused by a large ATEC payback term.

Justification: $L_{\text{max}}$ should be limited to prevent Balancing Authorities from creating potential reliability risks caused by a large ATEC payback term.

Goal: The goal of Requirement E.B.3 is to develop a range for $L_{\text{max}}$ where Balancing Authorities reduce potential reliability risks by limiting $I_{ATEC}$ to $L_{\text{max}}$. 