

Announcement

BAL-004-1 – Time Error Correction

Notice of Intent to Withdraw Petition for FERC Approval and Retire BAL-004-1

This announcement provides notice that, subject to approval of the Board of Trustees, NERC intends to withdraw its petition for regulatory approval of BAL-004-1 Time Error Correction.

No action is required of stakeholders.

Background

In July of 2007, the NERC Operating Committee (OC) submitted a Standards Authorization Request (SAR), requesting that Urgent Action procedures be invoked to revise BAL-004-0. The SAR proposed to:

- Remove inappropriate compliance requirements on Reliability Coordinators who voluntarily agree to serve as Interconnection Time Monitors. This was to help ensure that Reliability Coordinators continue to provide this voluntary service.
- Remove inappropriate compliance requirements on the OC, which is not a user, owner, or operator.
- Remove requirements to follow NAESB business practices, which were perceived to be inappropriate.

A revised standard was developed to address the above concerns, and industry voted in support of the standard with a 94 percent approval and a 97 percent quorum. (See the [project page](#) for a record of the development of BAL-004-1.) The NERC Board of Trustees approved the standard on March 26, 2008, and NERC filed a [petition](#) for Commission approval of the revised Time Error Correction Reliability Standard (designated BAL-004-1) on March 11, 2009.

On March 18, 2010, FERC issued a Notice of Proposed Rulemaking (NOPR), proposing to remand BAL-004-1 with specific instructions to address alleged deficiencies FERC identified in the standard. On April 28, 2010, NERC responded to the NOPR, advising FERC that NERC was exploring the possible elimination of the practice of Manual Time Error Corrections entirely, which would eliminate the need for the standard altogether. On August 20, 2010, NERC submitted a Motion to Defer Action on BAL-004-1, citing the ongoing efforts to evaluate whether elimination of the practice (and associated standard) was feasible.

NERC and its stakeholders performed significant outreach to entities both inside and outside the electric utility industry to determine if Manual Time Error Correction could be eliminated with minimal harm. While it was clear that eliminating Time Error Corrections would likely have no negative impact

on reliability that was insurmountable, it also became clear that the potential for other problems was largely undefined and not well understood. Following exhaustive discussion and debate over several months, it was ultimately determined by the OC at their March 6-7, 2012 meeting, that NERC should discontinue its pursuit of the elimination of Manual Time Error Corrections.

As such, there remains the outstanding BAL-004-1 and the associated NOPR. Because NERC is no longer proposing to eliminate Manual Time Error Corrections, there is no longer any reason for FERC to continue to defer action on the standard. Such action could include issuing a Final Rule remanding the standard.

When considering the original reasons enumerated above for creating the Urgent Action effort, those concerns may no longer be as acute as originally envisioned.

- To date, no Interconnection Time Monitor has incurred a violation of BAL-004-0. The need to modify the standard to address this concern would appear to be less than originally envisioned.
- Upon further review, because the OC is not a registered entity, there is no potential for compliance actions against the OC. As such, the statement regarding the role of the OC in selecting the Interconnection Time Monitor should be considered as information only. There is no need to change the standard to address this concern, other than for purposes of clarification.
- FERC has indicated through its prior approval of the standard that it does not see a conflict with requiring that entities adhere to the NAESB business practices associated with Time Error Correction. In the proceedings under FERC Docket RM06-16-000 (Order 693), no entities expressed objection to Requirement 2. While elimination of the reference to NAESB business practices may still be considered, this alone is not sufficient cause to pursue a change to the standard at this time.

Additionally:

- BAL-004-0 remains in effect, and has been since 2007.
- Manual Time Error Correction is no longer expected to be eliminated.
- The Reliability Standards Development Plan already includes a project to address modifications of BAL-004. Based on the prioritization established during the development of the 2012-2014 Reliability Standards Development Plan, Project 2010-14.2 Phase 2 of Balancing Authority Reliability-based Controls: Time Error, AGC, and Inadvertent, is expected to begin in 2013.

A remand of BAL-004-1 and the associated directives likely to accompany such a remand, would distract the ERO from more pressing reliability needs. The current BAL-004-0 standard has remained in effect while the elimination of Time Error Corrections was considered. As such, any reliability concerns (actual or perceived) associated with Time Error Corrections have been and continue to be addressed by the existing standard.

Given the above, NERC management has recommended that the Board of Trustees rescind approval of BAL-004-1, and withdraw it from regulatory consideration.

Standards Development Process

The [Standards Processes Manual](#) contains all the procedures governing the standards development process. The success of the NERC standards development process depends on stakeholder participation. We extend our thanks to all those who participate.

*For more information or assistance, please contact Monica Benson,
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