

Consideration of Comments on Initial Ballot RECM Interpretation Request — EOP-001, R1

Summary Consideration: Some entities requested clarification for using dc voltages, the definition of adjacent regarding Balancing Authorities, and how much was “enough” energy emergency assistance. A few entities suggested increased requirements for emergency energy assistance and reserve sharing group participation. The drafting team modified the language in the interpretation to use the defined term Adjacent Balancing Authority and clarified that the requirement does not require energy assistance agreements with all Adjacent Balancing Authorities. The team will submit certain suggestions regarding requirements to the manager of standards development.

Segment	Entity	Ballot	Comments
1	Bonneville Power Administration	Affirmative	In Item 2, we recommend replacing "AC" with "AC and/or DC tie lines in the same interconnection" We strongly support the item 4 interpretation regarding reserve sharing groups.
Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.			
1	Consolidated Edison Co. of New York	Negative	DC ties should have been referenced and included in the interpretation, agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1
Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.			
The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.			
The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.			
1	Duke Energy Carolina	Affirmative	Duke Energy appreciates the opportunity to comment on this Interpretation . Duke Energy supports the concepts in this Interpretation; however, there remain some issues that should be dealt within a Standards Authorization Request to revise the standard. In addition, using a general term such as "enough" still keeps the Balancing Authority in the position of a compliance team interpretation of "enough". Duke Energy believes that the Interpretation should clarify that in the context of this standard, emergency assistance is emergency energy. Emergency energy would normally be arranged for during the current operating day. The agreement should describe the conditions

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			under which the emergency energy will be delivered to the responsible Balancing Authority. The intent of this standard is that all Balancing Authorities should have sufficient emergency assistance agreements in order to meet Control Performance Standards, Disturbance Control Standards and other applicable standards. Therefore emergency assistance agreements are not required with all adjacent Balancing Authorities. Such agreements may also be in place with remote Balancing Authorities, but are not required.
Response: The drafting team agrees with your comments and will submit them to the manager of standards development for inclusion in the Standards "Issues" database.			
1	FirstEnergy Energy Delivery	Affirmative	FirstEnergy supports the interpretation provided for EOP-001 Requirement R1 and believes it further clarifies Balancing Authority expectations related to emergency assistance agreements with other Balancing Authorities. It is expected that the standards drafting team working on Project 2008-03 will reference this interpretation when completing revisions to the EOP-001 standard to achieve greater clarity within the standard's requirements and measures. The only question we raise and seek clarification to is in regards to item #2 and we question why the interpretation excludes DC ties when defining an adjacent Balancing Authority? As written, would a Balancing Authority be precluded from obtaining emergency assistance from a BA with whom they may only have DC interconnection(s)? Or, is the intent that a DC tie is considered a remote Balancing Authority and covered by item #3?
Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.			
1	National Grid	Negative	National Grid agrees with the comments made by NPCC and other NPCC members: EOP-001, R1 states "Balancing Authorities shall have operating agreements with adjacent Balancing Authorities that shall, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities. We feel that emergency assistance agreements should be made with ALL adjacent BAs which is contrary to the interpretation which states the intent is to have emergency agreements with at least one adjacent BA. Additionally, the interpretation states that "The responsible Balancing Authority is not required to have arrangements in place to obtain emergency energy assistance with all remote Balancing Authorities". We feel that emergency agreements with ALL adjacent BAs further needs to be in place in order for a BA to get remote assistance from a non-adjacent or through an adjacent BA. DC ties should have been referenced and included in the interpretation. The interpretation furthers states that a BA that is compliant with BAL-002 —" Disturbance Control Performance Requirement R2 through participation in a Reserve

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			Sharing Group Agreement, is not required to establish additional operating agreements for EOP-001-0 Requirement R1. We feel that participation in a Reserve Sharing Group may be insufficient to meet Requirement 1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
1	New Brunswick Power Transmission Corporation	Negative	DC ties should have been referenced and included in the interpretation, agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
1	New York Power Authority	Negative	DC ties should have been referenced and included in the interpretation, agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
1	Northeast Utilities	Negative	DC ties should be referenced and included in the interpretation. Agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements, or developed separately and in place as well.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which</p>			

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<p>doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
2	Independent Electricity System Operator	Negative	<p>While the IESO agrees with various aspects of the clarification provided, which we believe helpful, we nonetheless disagree with a number of the clarifications we deem significantly flawed for reasons noted below and must vote NO to the interpretations:</p> <p>1. The interpretation offered indicated that being part of a RSG is sufficient to meet the obligation of this requirement — we do not agree with this position. Two BAs may engage in a reserve sharing agreement that is designed to offset reserve requirements or to provide support for DCS recover from an incident. However, if the operating agreement does not explicitly address energy assistance under emergency conditions, and the scope and condition of the emergency, emergency energy may not flow. Additionally, reserve sharing agreement addresses the amount of reserve that each participating member needs to carry to meet the overall group and/or individual BAs reserve requirements. Situation can exist that while the shared reserve is used up and a BA is still short of resource, and additional energy delivery is required to take care of the emergency. 2. The SDT indicated that it is OK not to have emergency energy assistance agreements with all adjacent BAs — this is contrary to the NPCC position which dictates that an entity (the responsible BA) must have emergency energy assistance agreements with all adjacent BA entities — this could be either as part of the operating agreement or as a separate explicit agreement by itself. 3. Further, the interpretation precludes adjacent BAs which are connected with only DC ties. It is IESO view that provision of emergency assistance should also be available from areas that are interconnected by DC ties.</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
2	ISO New England, Inc.	Negative	DC ties should be included in the interpretation, not just AC ties. Agreements with ALL adjacent BAs should be required. Specific Emergency Energy

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			<p>Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Participation in a Reserve Sharing Group may be insufficient to meet Requirement R1 unless such agreement explicitly contains Emergency Energy Agreements among parties.</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
3	Bonneville Power Administration	Affirmative	<p>Related to the Subcommittee's recommended interpretation #2 BPA suggests the following language changes: An adjacent Balancing Authority is one that has AC and/or DC tie lines in the same interconnection with the responsible BA. We like the interpretation #4 and do want to see it changed.</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
3	Consolidated Edison Co. of New York	Negative	<p>DC ties should have been referenced and included in the interpretation, agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1"</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
3	Consumers Energy	Affirmative	<p>We agree with the intent of the interpretation to Question 4, but suggest it would be unequivocally clear to state: "A Balancing Authority that is compliant with Reliability Standard BAL-002-0, Requirement R2 through participation in a Reserve Sharing Group Agreement shall be deemed to be fully compliant with Requirement R1 of EOP-001-1."</p>
<p>Response: Your comment will be submitted to the manager of standards development for inclusion in the Standards "Issues" database as a potential modification to the associated standard.</p>			
3	FirstEnergy Solutions	Affirmative	<p>"FirstEnergy supports the interpretation provided for EOP-001 Requirement R1"</p>

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			and believes it further clarifies Balancing Authority expectations related to emergency assistance agreements with other Balancing Authorities. It is expected that the standards drafting team working on Project 2008-03 will reference this interpretation when completing revisions to the EOP-001 standard to achieve greater clarity within the standard's requirements and measures. The only question we raise and seek clarification to is in regards to item #2 and we question why the interpretation excludes DC ties when defining an adjacent Balancing Authority? As written, would a Balancing Authority be precluded from obtaining emergency assistance from a BA with whom they may only have DC interconnection(s)? Or, is the intent that a DC tie is considered a remote Balancing Authority and covered by item #3? "
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
3	Hydro One Networks, Inc.	Negative	Hydro One Networks Inc. casts a Negative vote with the following comments: 1. DC ties should have been referenced and included in the interpretation. 2. Agreements with ALL adjacent BAs should be required. 3. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. 4. Participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
<p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
<p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
3	Louisville Gas and Electric Co.	Affirmative	E.ON US votes YES and wishes to emphasize in our comments the value and importance of Reserve Sharing Groups (RSGs) to first and foremost ensure, reliability on a real-time basis, and also to lower the cost of providing electrical power to our customers. Due to this value, NERC and the Industry should support, encourage and seek expansion of RSGs. Our specific points are as follows. The reliability benefits to the parties of RSGs are: <ul style="list-style-type: none"> - The parties have access to the Contingency Reserve generation capacity of all members on a real time basis and have certainty of emergency energy supply. - The parties utilize a computerized process that immediately dispatches generation and spinning reserves and ten-minute quick-start Contingency Reserves when called upon by a party with a

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			<p>sudden loss of supply</p> <ul style="list-style-type: none"> - resulting in an immediate response to the supply loss. - The diversity and large number of generating units quickly ramping up to provide emergency power further ensure certainty and an immediate response to the supply loss. - The parties coordinate in advance TRM to ensure that emergency energy for Contingency Reserves can flow in real-time when called on, resulting in certainty of transmission for the flow of emergency energy. The lower cost benefits to the end user customers of the parties of RSGs are: <ul style="list-style-type: none"> - More efficient use of supply due to reduced Operating Reserves for each BA, despite the size of each BA, in RSGs. (The Midwest ISO has stated that they have conducted studies that have demonstrated that each MW of spinning reserve has a value of \$350,000. Thus, the 300 MW of spinning reserves to be provided at the start of the ASM to the Midwest ISO load by MCRSG parties external to the Midwest ISO footprint equate to approximately \$100 million in annual value. This value will become an annual cost to the Midwest ISO load upon sunset of the MCRSG. This does not include the savings of similar nature to the external BAs.) - The flexibility to transact more energy between BAs with freed-up generation and transmission capacity is achieved even if the Midwest BA grows and the External CRSG BAs decrease to only a few parties. - The advance coordination of TRM reduces the amount of TRM needed. Due to these points, RSGs among BAs, including BAs which are large ISOs operating day ahead and real-time markets along with Operating Reserve markets, should be encouraged. Also, E.ON US - YES vote supports the NERC interpretation that Emergency Assist agreements (EAAs) between interconnected BAs are not required between every interconnect BA to meet NERC Standards. Since the nature of EAAs is for a BA to provide emergency power to a BA, with a supply emergency, immediately or in the near term future (next hour, day or week), E.ON US suggest that NERC should encourage all BAs to file unilateral EAAs at the appropriate rate, MBR or CBR where applicable. Such unilateral filings would establish agreements and rates to provide non-firm emergency power if available after BAs and their associated LSEs have ensured adequate supply to native load and firm transactions (Designated Network Load).

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Response: Your comments will be submitted to the manager of standards development.			
3	New York Power Authority	Negative	DC ties should have been referenced and included in the interpretation agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
3	Niagara Mohawk (National Grid Company)	Negative	DC ties should have been referenced and included in the interpretation agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p> <p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p> <p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
4	Consumers Energy	Affirmative	We agree with the intent of the interpretation to Question 4, but suggest it would be unequivocally clear to state: "A Balancing Authority that is compliant with Reliability Standard BAL-002-0, Requirement R2 through participation in a Reserve Sharing Group Agreement shall be deemed to be fully compliant with Requirement R1 of EOP-001-1."
Response: Your comment will be submitted to the manager of standards development for inclusion in the Standards "Issues" database as a potential modification to the associated standard.			
5	Bonneville Power Administration	Affirmative	BPA agrees in principle with the interpretation with a couple of comments. - With regards to number 2; BPA would recommend the inclusion DC ties and suggests the following language changes: "An adjacent Balancing Authority is one that has AC or DC tie lines in the same interconnection with the responsible BA" This would allow for the inclusion of the Pacific DC intertie

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			between BPA and LADWP. - BPA fully supports interpretation 4. with regards to reserve sharing groups.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
5	Louisville Gas and Electric Co.	Affirmative	<p>E.ON US votes YES and wishes to emphasize in our comments the value and importance of Reserve Sharing Groups (RSGs) to first and foremost ensure, reliability on a real-time basis, and also to lower the cost of providing electrical power to our customers. Due to this value, NERC and the Industry should support, encourage and seek expansion of RSGs. Our specific points are as follows. The reliability benefits to the parties of RSGs are:</p> <ul style="list-style-type: none"> - The parties have access to the Contingency Reserve generation capacity of all members on a real time basis and have certainty of emergency energy supply. - The parties utilize a computerized process that immediately dispatches generation and spinning reserves and ten-minute quick-start Contingency Reserves when called upon by a party with a sudden loss of supply resulting in an immediate response to the supply loss. - The diversity and large number of generating units quickly ramping up to provide emergency power further ensure certainty and an immediate response to the supply loss. - The parties coordinate in advance TRM to ensure that emergency energy for Contingency Reserves can flow in real-time when called on, resulting in certainty of transmission for the flow of emergency energy. The lower cost benefits to the end user customers of the parties of RSGs are: - More efficient use of supply due to reduced Operating Reserves for each BA, despite the size of each BA, in RSGs. (The Midwest ISO has stated that they have conducted studies that have demonstrated that each MW of spinning reserve has a value of \$350,000. Thus, the 300 MW of spinning reserves to be provided at the start of the ASM to the Midwest ISO load by MCRSG parties external to the Midwest ISO footprint equate to approximately \$100 million in annual value. This value will become an annual cost to the Midwest ISO load upon sunset of the MCRSG. This does not include the savings of similar nature to the external BAs.) - The flexibility to transact more energy between BAs with freed-up generation and transmission capacity is achieved even if the Midwest BA grows and the External CRSG BAs decrease to only a few parties.

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			<ul style="list-style-type: none"> – The advance coordination of TRM reduces the amount of TRM needed. Due to these points, RSGs among BAs, including BAs which are large ISOs operating day ahead and real-time markets along with Operating Reserve markets, should be encouraged. Also, E.ON US – YES vote supports the NERC interpretation that Emergency Assist agreements (EAAs) between interconnected BAs are not required between every interconnect BA to meet NERC Standards. Since the nature of EAAs is for a BA to provide emergency power to a BA, with a supply emergency, immediately or in the near term future (next hour, day or week), E.ON US suggest that NERC should encourage all BAs to file unilateral EAAs at the appropriate rate, MBR or CBR where applicable. Such unilateral filings would establish agreements and rates to provide non-firm emergency power if available after BAs and their associated LSEs have ensured adequate supply to native load and firm transactions (Designated Network Load).
<p>Response: Your comments will be submitted to the manager of standards development.</p>			
6	Bonneville Power Administration	Affirmative	In Item 2, we recommend replacing "AC" with "AC and/or DC tie lines in the same interconnection. "We strongly support the item 4 interpretation regarding reserve sharing groups.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
6	Consolidated Edison Co. of New York	Negative	DC ties should have been referenced and included in the interpretation, agreements with ALL adjacent BAs should be required. Specific Emergency Energy Agreements should either be explicit parts of the operating agreements or developed separately and in place as well. Also, participation in a Reserve Sharing Group may be insufficient to meet Requirement R1.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
<p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
<p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
6	Entergy Services, Inc.	Affirmative	While we agree with the interpretation, we believe there are some items to consider for clarification if this interpretation must go back for recirculation or re-balloting: Question 1 interpretation: the interpretation should address both a Capacity Emergency and Energy Emergency, as defined in the NERC Glossary. Further clarification to explain that emergency assistance is

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			<p>applicable to both situations (capacity, energy or both) will minimize any confusion in the requirement and interpretation. (note —“ there appears to be little, if any difference in the definition of the terms; further clarification of the terms or eliminating one of the terms/consolidating the terms this would be an area for improvement in the NERC Standards) Question 2 interpretation: the interpretation should use the approved term from the NERC Glossary: Adjacent Balancing Authority Question 3 interpretation: the term “emergency assistance, as defined in Question 1 should be used in lieu of “emergency energy assistance,” or alternatively use the NERC Glossary terms Capacity Emergency and Energy Emergency Question 4 interpretation: the interpretation should specify that RSG agreements may be used if they contain provisions for use during a Capacity Emergency or Energy Emergency</p>
<p>Response: Your comments will be submitted to the manager of standards development for inclusion in the Standards “Issues” database as a potential modification to the associated standard.</p>			
6	FirstEnergy Solutions	Affirmative	<p>FirstEnergy supports the interpretation provided for EOP-001 Requirement R1 and believes it further clarifies Balancing Authority expectations related to emergency assistance agreements with other Balancing Authorities. It is expected that the standards drafting team working on Project 2008-03 will reference this interpretation when completing revisions to the EOP-001 standard to achieve greater clarity within the standard's requirements and measures. The only question we raise and seek clarification to is in regards to item #2 and we question why the interpretation excludes DC ties when defining an adjacent Balancing Authority? As written, would a Balancing Authority be precluded from obtaining emergency assistance from a BA with whom they may only have DC interconnection(s)? Or, is the intent that a DC tie is considered a remote Balancing Authority and covered by item #3?</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
6	Louisville Gas and Electric Co.	Affirmative	<p>E.ON US votes YES and wishes to emphasize in our comments the value and importance of Reserve Sharing Groups (RSGs) to first and foremost ensure, reliability on a real-time basis, and also to lower the cost of providing electrical power to our customers. Due to this value, NERC and the Industry should support, encourage and seek expansion of RSGs. Our specific points are as follows. The reliability benefits to the parties of RSGs are:</p> <ul style="list-style-type: none"> – The parties have access to the Contingency Reserve generation capacity of all members on a real time basis and have certainty of emergency energy supply. – The parties utilize a computerized process that immediately dispatches generation and spinning reserves and ten-minute quick-

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			<p>start Contingency Reserves when called upon by a party with a sudden loss of supply resulting in an immediate response to the supply loss.</p> <ul style="list-style-type: none"> - The diversity and large number of generating units quickly ramping up to provide emergency power further ensure certainty and an immediate response to the supply loss. - The parties coordinate in advance TRM to ensure that emergency energy for Contingency Reserves can flow in real-time when called on, resulting in certainty of transmission for the flow of emergency energy. The lower cost benefits to the end user customers of the parties of RSGs are: - More efficient use of supply due to reduced Operating Reserves for each BA, despite the size of each BA, in RSGs. (The Midwest ISO has stated that they have conducted studies that have demonstrated that each MW of spinning reserve has a value of \$350,000. Thus, the 300 MW of spinning reserves to be provided at the start of the ASM to the Midwest ISO load by MCRSG parties external to the Midwest ISO footprint equate to approximately \$100 million in annual value. This value will become an annual cost to the Midwest ISO load upon sunset of the MCRSG. This does not include the savings of similar nature to the external BAs.) - The flexibility to transact more energy between BAs with freed-up generation and transmission capacity is achieved even if the Midwest BA grows and the External CRSG BAs decrease to only a few parties. - The advance coordination of TRM reduces the amount of TRM needed.
<p>Response: Your comments will be submitted to the manager of standards development.</p>			
9	Commonwealth of Massachusetts Department of Public Utilities	Negative	<p>Interpreters should:</p> <ol style="list-style-type: none"> 1) reconsider inclusion of BAs with DC ties, or explain why BAs with DC ties should be excluded; 2) specify that Reserve Sharing Agreements have provisions addressing emergency assistance and that there be a demonstration that the Reserve Sharing Agreement is sufficient to mitigate reasonably anticipated energy emergencies; and, 3) reconsider requiring that BAs have agreements with all adjacent BAs or explain why an agreement with one adjacent BA is sufficient under the Requirement 1 language.
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			

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<p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
<p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
9	National Association of Regulatory Utility Commissioners	Negative	<p>Interpreters should: 1) reconsider inclusion of BAs with DC ties, or explain why BAs with DC ties should be excluded; 2) specify that Reserve Sharing Agreements have provisions addressing emergency assistance and that there be a demonstration that the Reserve Sharing Agreement is sufficient to mitigate reasonably anticipated energy emergencies; and, 3) reconsider requiring that BAs have agreements with all adjacent BAs or explain why an agreement with one adjacent BA is sufficient under the Requirement 1 language.</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
<p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
<p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			
10	Northeast Power Coordinating Council, Inc.	Negative	<p>DC tie lines should have been included in the interpretation. Agreements with all adjacent BAs should be required. Participation in a Reserve Sharing Group is insufficient to meet Requirement R1, unless the Reserve Sharing Group agreement contains emergency assistance provisions.</p>
<p>Response: The drafting team agrees with your comment and proposes to use the NERC Glossary of Terms definition of Adjacent Balancing Authority, which doesn't limit interconnections to AC ties.</p>			
<p>The intent of the interpretation is to require energy assistance agreements with enough BAs to have sufficient emergency energy assistance agreements to mitigate reasonably anticipated energy emergencies. Having emergency energy assistance agreements with all BAs may exceed what is required to maintain an adequate level of reliability.</p>			
<p>The technical criteria for establishing what constitutes sufficient emergency assistance should be established through the Standards Development Process.</p>			