

Rui Da Shu

From: Guy V. Zito <gzito@npcc.org>
Sent: Wednesday, October 01, 2014 7:44 PM
To: rsballot
Cc: rscmembers; pheidrich@frcc.com
Subject: NERC Ballot-2010-14.1 - Phase 1 of Balancing Authority Reliability-based Controls: Reserves - BAL-002-2

Importance: High

NPCC Entities and Members of the NERC Registered Ballot Body,

The NPCC Regional Standards Committee RSC in consultation with the NPCC Task Force on Coordination of Operation and its CO1 Working Group, has reviewed the subject standard currently posted for a “additional” ballot through 8pm Thursday October 2, 2014. The following issues have been raised by NPCC’s SMEs in their review of the draft standard.

- 1) The proposed standard has several “compliance issues” which will hamper operators’ effective use of the important tool of using Contingency Reserves to mitigate reliability problems, and then could cause compliance exposure due to auditor interpretation. For example, R1 would require a BA to deploy at least some of its reserves in order to declare an EEA3 exemption even if there is not an immediate need to do so.
- 2) There are contradictory portions of the standard which could leave operators confused and again lead to compliance exposure. For example, R1 does not include an exemption for deploying Contingency Reserve for a Contingency that is not a NERC defined Balancing Contingency Event. R2 does have an exemption for this particular scenario. R1 also treats subsequent Contingencies in an inconsistent manner.
- 3) There are several problems with the definitions including definitions of Most Severe Single Contingency (MSSC) and Contingency Event Recovery Period.
- 4) R2 discourages a System Operator from deploying Contingency Reserves to mitigate a condition or event that is having an adverse reliability impact but does not fall within the narrow definition of a Contingency. These could include, but are not limited to, deploying Contingency Reserves to mitigate events that involve IROL’s, TLR’s, or slow unit response due to extreme weather conditions that is having an adverse impact on Interconnection frequency. Additionally, a BA could receive a Reliability Directive from its RC, in accordance with IRO-001 R8, to deploy Contingency Reserves to mitigate a condition or event that is having an adverse reliability impact on the BES, but be non-compliant under R2 for following that directive.
- 5) While it is possible that requirement R2 could reduce gaming potential (for example by a BA whose MSSC is much larger than its other potential resource losses), R2 may be more severe than NPCC’s requirement to recover Ten Minute Reserve per Directory 5 as specified in section 5.2. and Requirement R2 no longer includes a number of “grace hours” per quarter, as requested in some industry comments. It may have a net effect of increasing the amount of available contingency reserve to some Balancing Authorities which may boost reliability incrementally. However, this needs to be balanced against increased operating costs due to carrying more reserve.
- 6) Requirement R2 may produce an unintended incentive - a Balancing Authority may let its ACE remain negative to keep the reserve monitor numbers above MSSC. Without a number of "grace hours" per quarter, there may be a susceptibility to loads running unexpectedly high near the end of a clock hour, causing a miniscule shortfall that results in a compliance violation.

In consideration of the above issues, NPCC, as the regional entity believes the standard could pose a risk to reliability and will be voting Negative.

If you have any questions please contact me.

Thanks,

Guy V. Zito
Assistant Vice President Standards
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas, 10th Floor
New York, NY 10018
212-840-1070
212-302-2782 Fax
gzito@npcc.org

