Unofficial Comment Form
Project 2010-14.1 Phase 1 of Balancing Authority Reliability-based Controls
BAL-012-1 – Operating Reserve Policy

Please do not use this form to submit comments on the proposed BAL-012-1 Operating Reserve Policy standard. Comments must be submitted on the electronic comment form by 8 p.m. ET January 14, 2013. If you have questions please contact Darrel Richardson (email) or by telephone at (609) 613-1848.

Background Information:
This Standard was developed to require a Balancing Authority (BA) to develop and document policy’s that will describe how an entity operates with regards to its reserve obligations. Each policy will describe the necessary amount of operating reserves based on the load characteristics and magnitude, topology, and mix of resources available in the region and to ensure adequate Regulating Reserve (RR), Contingency Reserve (CR) and Frequency Responsive Reserve (FRR) to maintain Balancing Authority load/resource balance in support of interconnection frequency.

Formal reserve planning has been considered for a long time by the operating entities under NERC going back to Policy 1. NERC Policy 1 required “the minimum reserve requirement for the group, its allocation among members, the permissible mix of Operating Reserve – Spinning and Operating Reserve – Supplemental (Non-spinning) that may be included in Contingency Reserve, and the procedure for applying Contingency Reserve in practice, and the limitations, if any, upon the amount of interruptible load that may be included.” BAL-012-1 takes the planning for operating reserves and divides them into the individual components to provide visibility and accountability.

Operating reserves are an absolute requirement to maintain a reliable interconnection. It is important that all BAs have long range policies for operating reserves to allow arrangements in terms of contracts, agreements, and testing to meet their long range forecasts. Requiring BAs to develop these operating reserve policies will identify gaps and will require the BAs to resolve these gaps.
You do not have to answer all questions. Enter All Comments in Simple Text Format.

Insert a “check” mark in the appropriate boxes by double-clicking the gray areas.

1. The BARC SDT has modified the Requirements R1, R2 and R3 (now Requirements R1, R3 and R5) to provide for the following:
   a. Require the development of an operating policy rather than a detailed plan.
   b. Combining Requirements R4 and R5 into the policies as sub-requirements.
   c. Removed some of the sub-requirements from the policies.

Do you agree with the proposed modifications to these Requirements? If not, please explain in the comment area below.

☐ Yes
☒ No

Comments: 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.
2. The BARC SDT developed Requirements R2, R4 and R6 to provide for the following:
   a. Require an entity to implement the policies.
   b. Require an entity to identify, assess and correct deficiencies in the policies.

   The SDT is using the “Find, Fix and Track” methodology for assessing a successful implementation of the Requirements R1, R3 and R5. Do you agree that this is an equitable method for evaluating compliance? If not, please explain in the comment area below.

   ☐ Yes  ☒ No

Comments: 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.

3. The BARC SDT revised Requirement R7 (now Requirement R8) to provide additional clarity and flexibility for maintaining adequate reserves while operating in a real-time environment.

   Do you agree that the Requirement as presently written accomplishes this? If not, please explain in the comment area below.

   ☐ Yes  ☒ No

Comments: 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.
4. The BARC SDT has opted to use a Time Horizon of “Operations Planning” for all of the Requirements.

Do you agree that this is the proper Time Horizon to use? If not, please explain in the comment area below.

☐ Yes
☒ No

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

5. The BARC SDT has opted to use a VRF of “Lower” for all of the Requirements.

Do you agree that this is the proper VRF to use? If not, please explain in the comment area below.

☐ Yes
☒ No

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

6. The BARC SDT has developed VSLs for all of the Requirements.

Do you agree with the VSLs the SDT has developed? If not, please explain in the comment area below.

☐ Yes
☒ No

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

7. If you are not in support of this draft standard, what modifications do you believe need to be made in order for you to support the standard? Please list the issues and your proposed solution to the issue.

Comments: 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.
8. **Do you have any other comment on BAL-012-1, not expressed in the questions above, for the BARC SDT?**

Comments: 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…”