

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**WECC Regional Reliability Standard** )  
**BAL-002-WECC-3 (Contingency Reserve)** )  
)  
)

**Docket No. RM19-20-000**

**COMMENTS OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION AND  
WESTERN ELECTRICITY COORDINATING COUNCIL  
IN RESPONSE TO NOTICE OF PROPOSED RULEMAKING**

The North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) hereby provide comments on the Notice of Proposed Rulemaking (“NOPR”) regarding proposed regional Reliability Standard BAL-002-WECC-3 issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) in this proceeding on October 15, 2020.<sup>1</sup> NERC is the Commission-certified electric reliability organization (“ERO”) responsible for the development and enforcement of mandatory Reliability Standards.<sup>2</sup> WECC is a Regional Entity that has been delegated authority under Section 215 of the Federal Power Act and Section 39.8 of the Commission’s regulations to propose regional Reliability Standards for the Western Interconnection.<sup>3</sup>

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<sup>1</sup> Notice of Proposed Rulemaking, *WECC Regional Reliability Standard BAL-002-WECC-3 (Contingency Reserve)*, 173 FERC ¶ 61,032 (2020) [hereinafter the NOPR].

<sup>2</sup> The Commission certified NERC as the ERO in 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh’g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030 (2007), *order on clarification and reh’g*, 119 FERC ¶ 61,046 (2007), *aff’d sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

<sup>3</sup> Section 215 of the Federal Power Act, codified at 16 U.S.C. § 824o; 18 C.F.R. § 39.8. The Commission approved the currently effective delegation agreement in 2016 in Docket No. RR15-12-000. *See N. Am. Elec. Reliability Corp.*, 153 FERC ¶ 61,135 (2015) (conditionally approving revised delegation agreement and directing compliance filing), *order on compliance*, *N. Am. Elec. Reliability Corp.*, Docket No. RR15-12-001 (delegated letter

In the NOPR, the Commission proposes to approve proposed regional Reliability Standard BAL-002-WECC-3, in which NERC and WECC propose to retire Requirement R2 of the currently effective regional standard BAL-002-WECC-2a. While proposing to approve the standard, the Commission also states that it believes it is appropriate “to monitor the reliability impacts that the retirement of Requirement R2 may have on contingency reserves in the Western Interconnection.”<sup>4</sup> The Commission therefore proposes to direct NERC and WECC to: (1) submit an informational filing 27 months following implementation of regional Reliability Standard BAL-002-WECC-3 that addresses the adequacy of contingency reserves in the Western Interconnection; and (2) make the Commission immediately aware of any adverse impacts resulting from the retirement of Requirement R2 that are discovered sooner, and any corrective actions taken or being considered.<sup>5</sup>

NERC and WECC support the Commission’s proposal to approve proposed Reliability Standard BAL-002-WECC-3. In these comments, NERC and WECC provide additional considerations for the Commission to consider in determining whether to direct further reporting following the implementation of the standard and the content of any required reports.

## **I. BACKGROUND**

On September 6, 2019, NERC and WECC submitted a joint petition for approval of proposed regional Reliability Standard BAL-002-WECC-3 (Contingency Reserve).<sup>6</sup> The proposed standard reflects the retirement of Requirement R2 in the currently effective regional standard BAL-002-WECC-2a. Regional Reliability Standard BAL-002-WECC-2a Requirement R2 requires each Reserve Sharing Group and each Balancing Authority that is not a member of a

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order) (Mar. 23, 2016). A petition for approval of a revised delegation agreement to be effective January 1, 2021 is pending in Docket No. RR20-5-000.

<sup>4</sup> NOPR at P 19.

<sup>5</sup> *Id.*

<sup>6</sup> *Joint Petition of NERC and WECC for Approval of Proposed Regional Reliability Standard BAL-002-WECC-3*, Docket No. RM19-20-000 (September 6, 2019) [hereinafter the Petition].

Reserve Sharing Group to maintain at least half of its minimum amount of Contingency Reserve as Operating Reserve-Spinning that meets certain defined characteristics. As explained further in NERC and WECC's Petition, WECC determined that Requirement R2 was no longer necessary following the implementation of continent-wide Reliability Standard BAL-003-1.1 Requirement R1 in 2016, and its continued retention alongside the continent-wide standard could lead to confusion and increased cost without additional reliability benefit.<sup>7</sup> Based on the results of a field test, WECC determined that the retirement of regional Reliability Standard BAL-002-WECC-2a Requirement R2 is unlikely to have an adverse impact on reliability in the Western Interconnection.<sup>8</sup>

On October 15, 2020, the Commission issued the NOPR. In the NOPR, the Commission proposes to approve proposed regional Reliability Standard BAL-002-WECC-3.<sup>9</sup> While proposing to approve the standard, the Commission stated that "unique aspects of contingency reserves in the Western Interconnection raise concerns about deliverability of contingency reserves within reserve sharing groups."<sup>10</sup> In particular, the Commission noted that 32 out of 34 total Balancing Authorities in the WECC region are members of one of two reserve sharing groups. The Commission further stated that hydroelectric resources represent a significant share of the reserve sharing group contingency reserves for both groups, and that these resources "may or may not be deliverable to all member balancing authorities due to transmission constraints or limits on the hydro system."<sup>11</sup>

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<sup>7</sup> Petition at 13.

<sup>8</sup> Petition at 15. The field test results were discussed in detail in the Petition (see Petition at 14-15 and Exhibit C). On May 18, 2020, NERC and WECC submitted additional data to the Commission in response to a data request issued by the Director of the Office of Electric Reliability on February 18, 2020.

<sup>9</sup> NOPR at P 17.

<sup>10</sup> NOPR at P 18.

<sup>11</sup> *Id.*

Based on these considerations, the Commission believes that further monitoring is necessary. To that end, the Commission proposes to direct NERC and WECC to submit an informational filing 27 months following the implementation of proposed regional Reliability standard BAL-002-WECC-3. The Commission further proposes to direct NERC and WECC to “make the Commission immediately aware of any adverse impacts resulting from the retirement of Requirement R2, if they become apparent prior to the end of the reporting period, and any corrective actions taken or being considered.”<sup>12</sup>

The Commission states that NERC and WECC’s informational filing should include the following data:

1. for any reportable DCS event, the date, time and required amount of contingency reserves at the time of the event, the actual amount of Operating Reserves – Spinning at the time of the event, and the actual DCS performance;
2. for events involving a loss of 700 MW or greater, whether it is a reportable DCS event or not, the date and time of the event, the name of the resource(s), and the total MW;
3. the amount of spinning reserve above or below 50% during non-event times on an hourly basis for 24 months following implementation;
4. supporting data for NERC’s frequency response metric (Metric M-4) as it pertains to the Western Interconnection;
5. the DCS performance - as described in request (1) in the paragraph above - on a balancing authority basis; and
6. the hourly amount of contingency reserve and the fraction of that contingency reserve that is classified as spinning for each hour by balancing authority (not reserve sharing group).

NERC’s and WECC’s comments on the NOPR proposals are provided below.

## **II. COMMENTS**

NERC and WECC support the Commission’s proposal to approve proposed Reliability Standard BAL-002-WECC-3. As the Commission states in the NOPR, NERC and WECC’s

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<sup>12</sup> NOPR at P 19.

proposal is supported by the petition and the results of a field test, and the proposed standard, even without Requirement R2, will continue to provide more stringent requirements than those in the continent-wide disturbance control Reliability Standard BAL-002-3.<sup>13</sup> While NERC and WECC do not believe that retiring Requirement R2 will result in any adverse reliability impacts based on the studies concluded to date, NERC and WECC are sensitive to the Commission's concerns regarding continued monitoring and do not oppose the Commission's proposal to direct further reporting following the implementation of proposed Reliability Standard BAL-002-WECC-3. NERC and WECC offer the following comments regarding the Commission's proposed reporting directive and respectfully request that these comments be considered by the Commission in issuing a final rule in this proceeding.

#### **1. Requested Data**

As discussed in the preceding section, the Commission proposes in the NOPR to direct NERC and WECC to submit six categories of data to be collected for 24 months following the implementation of Reliability Standard BAL-002-WECC-3. NERC and WECC offer the following comments on the proposed data collection.

NERC and WECC are concerned that, should the Commission adopt its proposed directive and direct NERC and WECC to report data on a Balancing Authority (and not just an aggregated Reserve Sharing Group) basis, the data that is ultimately reported to the Commission may not present a complete and accurate picture of conditions in the Western Interconnection. This is because U.S.-based Balancing Authorities may, through a Reserve Sharing Group, rely on spinning reserves carried by a Balancing Authority that is located outside the United States, beyond the reach of the Commission's jurisdiction. Data belonging or pertaining to such non-U.S. entities

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<sup>13</sup> See NOPR at P 17.

could not be provided to the Commission without the approval of that entity, which may or may not be granted. Consequently, NERC and WECC may only be able to provide U.S. Balancing Authority information and Reserve Sharing Group information that represents only the U.S. portion of the Reserve Sharing Group.

NERC and WECC also note that, to the extent Balancing Authorities and Reserve Sharing Groups determine the requested information is confidential, it may need to be filed on a non-public basis with the Commission.

## **2. Deadline for Reporting**

In the NOPR, the Commission proposes to direct NERC and WECC to submit their informational filing 27 months following the implementation of proposed regional Reliability Standard BAL-002-WECC-3, and for this filing to contain 24 months of data. The Commission further states that the proposed informational filing report “can be drafted in a similar manner as the field test report provided in the petition including all of the requested data.”<sup>14</sup>

NERC and WECC appreciate the Commission’s guidance on the form of reporting to be provided to the Commission, should it adopt the proposed reporting directive. NERC and WECC are concerned that three months may not be sufficient to complete the validation and analysis of 24 months’ worth of the requested data in a report format. NERC and WECC submit that a deadline of 30 months following the implementation of proposed regional Reliability Standard BAL-002-WECC-3 would be more appropriate. In the interim, NERC and WECC would make the Commission “immediately aware of any adverse impacts resulting from the retirement of Requirement R2, if they become apparent” and report on “any corrective actions taken or being considered.”<sup>15</sup>

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<sup>14</sup> NOPR at 12 n.24.

<sup>15</sup> NOPR at P 19.

### III. CONCLUSION

NERC and WECC respectfully requests that the Commission accept these comments for consideration.

Respectfully submitted,

/s/ Lauren A. Perotti

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Date: December 18, 2020

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding. Dated at Washington, D.C. this 18<sup>h</sup> day of December, 2020.

*/s/ Lauren A. Perotti*

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