

146 FERC ¶ 61,025  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 16, 2014

In Reply Refer To:  
North American Electric  
Reliability Corporation  
Docket No. RD13-12-000

Holly A. Hawkins  
Assistant General Counsel  
North American Electric Reliability Corporation  
1325 G Street, NW  
Suite 600  
Washington, DC 20005

Tammy Cooper  
General Counsel  
Texas Reliability Entity, Inc.  
805 Las Cimas Parkway  
Suite 200  
Austin, Texas 78746

Reference: Joint Petition of the North American Electric Reliability Corporation and Texas Reliability Entity, Inc. for approval of proposed regional Reliability Standard BAL-001-TRE-01 – Primary Frequency Response in the ERCOT region

Dear Mmes. Hawkins and Cooper:

1. On September 18, 2013, the North American Electric Reliability Corporation (NERC) and the Texas Reliability Entity, Inc. (Texas RE) filed a joint petition (Petition) seeking approval of proposed regional Reliability Standard BAL-001-TRE-01 (Primary Frequency Response), implementation plan, and the associated violation risk factors and

violation severity levels in response to the Order No. 693 directive to develop a regional Reliability Standard for assuring frequency performance in the ERCOT Interconnection.<sup>1</sup>

2. The Petition states that the purpose of proposed regional Reliability Standard BAL-001-TRE-01 is to maintain ERCOT Interconnection steady-state frequency within defined limits by balancing real-power demand and supply in real-time. This reliability goal is accomplished by requiring prompt and sufficient frequency response from resources to stabilize frequency during changes in the system generation-demand balance.<sup>2</sup> Pursuant to section 215(d) of the Federal Power Act, we approve regional Reliability Standard BAL-001-TRE-01 as just, reasonable, not unduly discriminatory or preferential, and in the public interest.

3. On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards and associated definitions filed by NERC, including Reliability Standard BAL-001-0.<sup>3</sup> In Order No. 693, the Commission approved a regional difference for the ERCOT Interconnection from Reliability Standard BAL-001-0, allowing ERCOT to be exempt from Requirement R2. In doing so, the Commission found that ERCOT's approach to frequency response under its own protocols appeared to be more stringent than Requirement R2. As with other new regional Reliability Standards, the Commission stated that it "expects that the ERCOT regional difference will include Requirements, Measures and Levels of Non-Compliance sections."<sup>4</sup>

4. On September 18, 2013, NERC and the Texas RE filed a joint petition (Petition) seeking approval of regional Reliability Standard BAL-001-TRE-01 (Primary Frequency Response), implementation plan, and the associated violation risk factors and violation severity levels. The Petition states that regional Reliability Standard BAL-001-TRE-01 complies with the Commission's directive in Order No. 693. The Petition further states that, while the regional Reliability Standard requires individual generators to provide

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<sup>1</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 FR 16416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242, at PP 313-15 (2007), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>2</sup> Petition at 10.

<sup>3</sup> Order No. 693, FERC Stats. & Regs. ¶ 31,242 at PP 313-315.

<sup>4</sup> *Id.* P 315.

frequency response, it does not restrict the balancing authority from obtaining frequency response from other sources to meet the Interconnection's required level of performance.<sup>5</sup>

5. NERC states that the regional Reliability Standard was developed and approved by industry stakeholders using the Texas RE *Texas Reliability Entity Standards Development Process*, approved by the Texas RE Board of Directors on April 23, 2013, and subsequently approved by the NERC Board of Trustees on August 15, 2013. NERC states that the proposed regional Reliability Standard is applicable to balancing authorities, generator owners, and generator operators within the footprint of the Texas RE in the ERCOT Interconnection.

6. NERC asserts that regional Reliability Standard BAL-001-TRE-01 improves upon ERCOT's existing practices for frequency response, is necessitated by physical differences in the ERCOT system and represents an alternative, more stringent means of ensuring frequency response performance than the continent-wide NERC Reliability Standard.<sup>6</sup>

7. Regional Reliability Standard BAL-001-TRE-01 has ten requirements related to: (1) identifying and posting frequency measureable events (Requirement R1); (2) calculating the primary frequency response of each resource in the Interconnection (Requirement R2); (3) calculating the Interconnection minimum frequency response and monitoring the actual frequency response of the Interconnection (Requirements R3-R5); (4) requiring resources to operate in accordance with specified governor deadband and droop parameters and to promptly notify the balancing authority of any change in governor status (Requirements R6-R8); and (5) providing primary frequency response performance requirements for each generator (Requirements R9-R10). The requirements in BAL-001-TRE-01 work together to help ensure that generation and load remain balanced -- or are quickly restored to balance -- in the ERCOT Interconnection so that system frequency is restored to stability and near normal frequency even after a significant event occurs on the system.

8. NERC also seeks approval of the implementation plan for BAL-001-TRE-01, as follows. On the first day of the first calendar quarter that is 12 months following the effective date of BAL-001-TRE-01, the balancing authority, *i.e.*, ERCOT, and generator operators must be fully compliant with Requirements R1 and R8, respectively. Further, the implementation plan mandates that at least 50 percent of each generator owner's generating units/generating facilities must be compliant with Requirements R6 and R7

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<sup>5</sup> Petition at 11.

<sup>6</sup> *Id.* at 3.

the first calendar quarter that is 12 months following the effective date of BAL-001-TRE-01. The balancing authority must become fully compliant with Requirements R2, R3, R4 and R5 the first calendar quarter that is 18 months following the effective date of BAL-001-TRE-01, and 100 percent of the generator owner's generating units/generating facilities must be compliant with Requirement R7 within this same time period. Compliance with Requirements R9 and R10 on at least 50 percent of the generator owner's generating units/generating facilities is required the first calendar quarter that is 24 months following the effective date of BAL-001-TRE-01. Similarly, 100 percent of the generator owner's units/generating facilities are required to be compliant with Requirements R9 and R10 the first calendar quarter that is 30 months following the effective date of BAL-001-TRE-01.

9. NERC's filing was noticed on September 23, 2013, with comments, interventions and protests due on or before October 15, 2013. No comments or protests were filed.

10. We approve regional Reliability Standard BAL-001-TRE-01 and the associated implementation plan, violation severity levels and violation risk factors. We find that the regional Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. Reliability Standard BAL-001-TRE-01 is a comprehensive frequency response standard that adequately addresses all applicable Commission directives and we believe it will protect and improve reliability in the ERCOT Interconnection by enabling entities to maintain sufficient frequency response that can be made quickly available to arrest possible frequency excursions. We concurrently have approved Reliability Standard BAL-003-1, which addresses frequency response on a continent-wide basis.<sup>7</sup> As noted in the approval of BAL-003-1, the method of obtaining frequency response in BAL-001-TRE-01 may provide balancing authorities the means to procure sufficient resources to satisfy their frequency response obligations if such challenges should occur.<sup>8</sup> These are new Reliability Standards both nationally and for the ERCOT Interconnection. As with the national standard, because no regional standard existed previously, Reliability Standard BAL-001-TRE-01 represents a step forward in improving reliability of the Bulk-Power System in the ERCOT Interconnection.

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<sup>7</sup> See *Frequency Response and Frequency Response Bias Setting Reliability Standard*, Order No. 794, 146 FERC ¶ 61,024.

<sup>8</sup> *Id.*

11. The Commission also finds that NERC's proposed violation risk factors and violation severity levels for regional Reliability Standard BAL-001-TRE-01 are consistent with the Commission's established guidelines for review of proposed violation risk factors and violation severity levels, and find NERC's proposed implementation plan reasonable. Accordingly, we approve NERC's proposed violation risk factors, violation severity levels and implementation plan for Reliability Standard BAL-001-TRE-01.

### **Information Collection**

12. The Office of Management and Budget (OMB) regulations require approval of certain information collection requirements imposed by agency actions.<sup>9</sup> Upon approval of a collection of information, OMB will assign an OMB control number and expiration date. Respondents subject to the filing requirement of this order will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number. The Commission will submit these reporting and record keeping requirements to OMB for its review and approval under section 3507(d) of the Paperwork Reduction Act.

13. This order is effective immediately; however, the revised information collection requirements will not be effective or enforceable until OMB approves the information collection changes described in this order. Comments are solicited within 60 days of the date this order is published in the Federal Register on the Commission's need for this information, whether the information will have practical utility, the accuracy of provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing the respondent's burden, including the use of automated information techniques. Submit comments following the Commission's submission guidelines at <http://www.ferc.gov/help/submission-guide.asp> and reference Docket No. RD13-12.

14. Regional Reliability Standard BAL-001-TRE-01 is more comprehensive than the existing continent-wide Reliability Standards addressing frequency response, BAL-001-0.1a and BAL-003-0.1b in that the regional standard includes additional requirements and applies to generator owners and generator operators as well as balancing authorities. The expanded applicability of the regional Reliability Standard, thus, increases the reporting burden for entities that operate within the ERCOT Interconnection.

15. Burden Estimate: Our estimate below regarding the number of respondents is based on the NERC compliance registry as of October 2013. According to the registry, the ERCOT region includes 40 generator owners, 14 generator operators, 75 generator

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<sup>9</sup> 5 C.F.R. § 1320.10.

owners that are also generator operators, and one balancing authority. Thus, we estimate that a total of 130 entities are potentially subject to the reporting requirements of BAL-001-TRE-01.

16. The information collection requirements entail the setting or configuration of the Control System software, identification and recording of events, data retention and submitting a report as outlined in the table below.

<b>FERC-725T</b>	<b>Number of Respondents<sup>10</sup> (1)</b>	<b>Number of Responses per Respondent (2)</b>	<b>Average Burden Hours Per Response (3)</b>	<b>Total Annual Burden Hours (1)x(2)x(3)</b>	<b>Total Annual Cost<sup>11</sup></b>
Maintain and submit Event Log Data	1 BA	1	16	16	\$960 (\$60/hr.)
Modification to Governor Controller Setting/Configuration	114 GO	1	8	920	\$75,440 One-time (\$82/hr.)
Evidence Retention	130 BA/GO/GOP	1	2	260	\$8,320 (\$32/hr.)
<b>TOTAL</b>				<b>1,196</b>	<b>\$84,720</b>

Title: Mandatory Reliability Standards for the Bulk-Power System

Action: Proposed revisions to FERC-725T.

<sup>10</sup> BA = Balancing Authority, GO = Generator Owner, GOP = Generator Operator.

<sup>11</sup> The estimates for cost per hour (rounded to the nearest dollar) are derived as follows:

- \$60/hour, the average salary plus benefits per engineer (from Bureau of Labor Statistics at [http://bls.gov/oes/current/naics3\\_221000.htm](http://bls.gov/oes/current/naics3_221000.htm))
- \$82/hour, the salary plus benefits per manager (from Bureau of Labor Statistics at [http://bls.gov/oes/current/naics3\\_221000.htm](http://bls.gov/oes/current/naics3_221000.htm))
- \$32/hour, the salary plus benefits per information and record clerks (from Bureau of Labor Statistics at [http://bls.gov/oes/current/naics3\\_221000.htm](http://bls.gov/oes/current/naics3_221000.htm))

OMB Control No: To Be Determined

Respondents: Businesses or other for-profit institutions; not-for-profit institutions.

Frequency of Responses: Modification to Governor Controller; once in the life of the equipment. Maintaining and Submitting Log Data; annually

Necessity of the Information: Reliability Standard BAL-001-TRE-01 satisfies certain prior directives of the Commission that include requirements concerning frequency response.

Interested persons may obtain information on the reporting requirements by contacting: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director, e-mail: DataClearance@ferc.gov, Phone: (202) 502-8663, fax: (202) 273-0873].

By the direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.