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UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

WESTERN ELECTRICITY COORDINATING COUNCIL ) Docket No. RM08-12-000  
REGIONAL RELIABILITY STANDARD REGARDING )  
AUTOMATIC TIME ERROR CONNECTION )

COMPLIANCE FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
IN RESPONSE TO PARAGRAPHS 26 AND 54 OF ORDER NO. 723:

PROPOSED VIOLATION SEVERITY LEVELS FOR REGIONAL RELIABILITY  
STANDARD BAL-004-WECC-01, AUTOMATIC TIME ERROR CORRECTION  
REQUIREMENTS R2 THROUGH R4  
AND REQUEST FOR AN EXTENSION OF TIME FOR THE FILING OF THE  
VIOLATION SEVERITY LEVEL FOR REQUIREMENT R1  
AND, IN THE ALTERNATIVE, APPROVAL OF THE PROPOSED BINARY VIOLATION  
SEVERITY LEVEL FOR REQUIREMENT R1

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October 23, 2009

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AND, IN THE ALTERNATIVE, APPROVAL OF THE PROPOSED BINARY VIOLATION  
SEVERITY LEVEL FOR REQUIREMENT R1

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”),<sup>1</sup> in compliance with the directives in paragraphs 26 and 54 of the Federal Energy Regulatory Commission’s (“FERC”) May 21, 2009 Order (“Order No. 723”) in Docket No. RM08-12-000,<sup>2</sup> hereby submits proposed Violation Severity Levels (“VSLs”) applicable to the Western Electricity Coordinating Council’s (“WECC”) Regional Reliability Standard BAL-004-WECC-01 Requirements R2 through R4 as directed by FERC.<sup>3</sup>

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<sup>1</sup> The Federal Energy Regulatory Commission (“FERC”) certified NERC as the electric reliability organization (“ERO”) in its order issued on July 20, 2006 in Docket No. RR06-1-000. *North American Electric Reliability Corporation*, “Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing,” 116 FERC ¶ 61,062 (July 20, 2006).

<sup>2</sup> *Western Electricity Coordinating Council Regional Reliability Standard Regarding Automatic Time Error Corrections*, 127 FERC ¶ 61,176 (2009) (Order No. 723).

<sup>3</sup> *Id.* at PP 26 and 54.

Pursuant to Rules 212 and 2008 of FERC's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.2008 (2009), NERC requests that FERC grant an extension of time, from October 27, 2009 to August 23, 2010, for the filing of the VSL for Requirement R1. This extension is both necessary and appropriate to allow WECC the time required to address modifications directed by FERC in Order No. 723. The modifications, to be completed by June 30, 2010, are expected to affect the compliance obligations embodied in Requirement R1 and are likely to support gradated VSLs in place of the binary VSL proposed alternatively herein. In the event the extension is not granted, NERC respectfully requests that FERC approve the VSL for Requirement R1 as proposed in Exhibit A, without prejudging the outcome of the VSLs to apply to the revised standard.

Exhibit A to this filing shows the proposed VSLs that are being submitted according to the FERC directive in Order No. 723. Exhibit B to this filing contains the VSL analysis for BAL-004-WECC-01. The proposed VSLs and request for extension of time were approved by the NERC Board of Trustees on October 16, 2009. NERC will submit the instant filing with applicable governmental authorities in Canada.

## II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

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\*Persons to be included on FERC’s service list are indicated with an asterisk. NERC requests waiver of FERC’s rules and regulations to permit the inclusion of more than two people on the service list.

## III. PROPOSED VIOLATION SEVERITY LEVELS FOR REQUIREMENTS R2 THROUGH R4 AND MOTION FOR AN EXTENSION OF TIME FOR VIOLATION SEVERITY LEVEL REQUIREMENT R1 AND ALTERNATIVE REQUEST FOR APPROVAL

On March 16, 2007, FERC issued Order No. 693, approving 83 of the 107 Reliability Standards originally proposed by NERC.<sup>4</sup> In addition, pursuant to section 215(d)(5) of the Federal Power Act (“FPA”), FERC directed NERC to develop modifications to 56 of the 83 approved Reliability Standards. In Order No. 693, FERC approved a continent-wide Reliability Standard BAL-004-0 — Time Error Correction, but noted that WECC’s regional approach appeared to serve as a more effective means of accomplishing time error corrections.<sup>5</sup>

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<sup>4</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>5</sup> *Id.* at PP 377 and 382. FERC also directed NERC to develop a modification to BAL-004-0 to include Levels of Non-Compliance and additional Measures for Requirement R3.

On July 29, 2008, NERC submitted for FERC approval Regional Reliability Standard BAL-004-WECC-01, which would apply to Balancing Authorities within the Western Interconnection. The primary purpose of the Regional Reliability Standard is to reduce the number of time error corrections imposed on the Western Interconnection by requiring Balancing Authorities that operate synchronously in the Western Interconnection to automatically correct for their contribution to time error.

On May 21, 2009, in Order No.723, FERC approved Regional Reliability Standard BAL-004-WECC-01 — Automatic Time Error Correction. As a separate action in that same Order, FERC directed WECC to develop several modifications to the Regional Reliability Standard. This included a filing within 60 days of the effective date of Order No. 723 revising the Violation Risk Factors (“VRFs”) assigned to BAL-004-WECC-01, Requirements R1, R2, R3 and R4 from “Lower” to “Medium.” On August 28, 2009, NERC submitted the modified VRFs to FERC for approval. NERC and WECC were also directed to submit VSLs for each Requirement and sub-Requirement that was assigned a VRF within 120 days of the effective date of the Order No. 723.

NERC staff reviewed the WECC proposed VSLs. NERC staff determined that the modified VSLs for Requirements R1, R2, and R4 did not, in some cases, comport with the FERC Violation Severity guidelines. As a result, NERC staff recommended to WECC changes to these VSLs to conform to those guidelines. WECC accepted, with revisions, the NERC staff changes to the VSLs for Requirements R2 and R4. With respect to Requirement R1, WECC initially proposed graduated VSLs based on the levels submitted with the standard originally filed and approved. However, in conformance with the FERC Violation Severity Level guidelines, NERC proposed a binary VSL for Requirement R1. WECC proposed a further revision to NERC’s

binary VSL for Requirement R1 to include a 24-hour exemption to Requirement R1, based on the FERC-approved language set forth in Requirement R2. However, because WECC intends to modify the standard in response to the FERC directives in Order No. 723, WECC's preference is that FERC grant an extension of time for the filing of the VSL for Requirement R1. Specifically, WECC expects to clarify the 24-hour per calendar limit and compliance obligations, and these changes are expected to support gradated VSLs.<sup>6</sup> However, based on the existing language of Requirement R1 and FERC Guideline 3, in recognition of the language in Requirement R2, NERC has proposed a binary VSL as set forth in Exhibit A.

In the event the extension is not granted, NERC respectfully requests that FERC approve the VSL for Requirement R1 as proposed in Exhibit A, without prejudging the outcome of the VSLs to apply to the revised standard.

Therefore, for the reasons discussed above, the VSLs are being submitted for approval with conditions. NERC recommends that WECC correct the issues with the Requirements as directed in Order No. 723 and reconcile the VSLs with the revised Requirements ensuring that the VSLs comport with the FERC VSL guidelines set forth in FERC's June 19, 2008 Order in Docket No. RR08-4-000. For purposes of the instant filing, NERC requests that FERC approve the proposed VSLs for Requirements R2-R4. In the event that FERC does not grant the extension of time to submit a VSL for Requirement R1, NERC requests FERC approve the VSL for Requirement R1 included in Exhibit A of this filing, without prejudging the outcome of the VSLs to apply to the revised standard.

The proposed VSLs are presented in Exhibit A of this filing, and NERC requests approval as discussed in the body of this filing. The VSL Analysis for BAL-004-WECC-01 is

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<sup>6</sup> NERC notes that, when this standard was initially submitted to FERC for approval, WECC proposed gradated VSLs.

contained in Exhibit B of this filing. The proposed VSLs and request for extension of time were approved by the NERC Board of Trustees on October 16, 2009.

#### IV. CONCLUSION

NERC respectfully requests that FERC accept this filing as compliant with Paragraphs 26 and 54 of Order No. 723. NERC requests that FERC approve the proposed VSL assignments for Requirements R2 through R4 of BAL-004-WECC-01 included in Exhibit A to this filing. NERC further requests that FERC grant an extension of time from October 27, 2009 to August 23, 2010 to submit a VSL for Requirement R1. In the alternative, NERC requests that FERC approve the proposed binary VSL for Requirement R1, set forth in Exhibit A, consistent with the discussion herein.

Respectfully submitted,

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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 23rd day of October, 2009.

/s/ Holly A. Hawkins

Holly A. Hawkins

*Attorney for the North American Electric  
Reliability Corporation*

EXHIBIT A

PROPOSED VIOLATION SEVERITY LEVELS FOR APPROVED RELIABILITY  
STANDARD BAL-004-WECC-01

Modified Violation Severity Levels for BAL-004-WECC-01: Automatic Time Error Correction				
R#	Lower VSL	Moderate VSL	High VSL	Severe VSL
R1 <sup>7</sup>	N/A	N/A	N/A	Each Balancing Authority that operates synchronously to the Western Interconnection does not continuously operate in ATEC mode (Balancing Authority may operate out of ATEC mode for up to 24 hours per calendar quarter as provided in R2).
R2	N/A	N/A	N/A	Each Balancing Authority that is synchronously connected to the Western Interconnection and operates in any AGC operating mode other than ATEC does not notify all other Balancing Authorities of its operating mode through the designated Interconnection communication system.
R3	N/A	N/A	N/A	A Balancing Authority in the Western Interconnection cannot change its AGC operating mode.

<sup>7</sup> NERC is requesting an extension of time to submit a VSL for Requirement R1 of BAL-004-WECC-01 – Automatic Time Error Correction; however, in the event the extension is not granted, NERC requests that FERC approve the proposed binary VSL for Requirement R1 as set forth herein.

Modified Violation Severity Levels for BAL-004-WECC-01: Automatic Time Error Correction

R#	Lower VSL	Moderate VSL	High VSL	Severe VSL
R4	<p>A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any one of subrequirements R4.1 through R4.4.</p>	<p>A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any two of subrequirements R4.1 through R4.4.</p>	<p>A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any three of subrequirements R4.1 through R4.4.</p>	<p>A Balancing Authority in the Western Interconnection fails to calculate Primary Inadvertent Interchange Balance when check out is complete, or 50 minutes after the hour if hourly checkout is not complete.</p> <p>OR</p> <p>A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with all subrequirements R4.1 through R4.4.</p>

EXHIBIT B

VIOLATION SEVERITY LEVEL ANALYSIS FOR RELIABILITY STANDARD BAL-004-  
WECC-01



R1.	N/A	N/A	N/A	<p>Each Balancing Authority that operates synchronously to the Western Interconnection does not continuously operate in ATEC mode (Balancing Authority may operate out of ATEC mode for up to 24 hours per calendar quarter as provided in R2).</p>	<p><i>Proposed New VSL</i></p>	<p>The VSL does not lower the current level of compliance and does not violate Guideline 1.</p>	<p>The VSL is binary and is consistent with the requirement. It does not violate Guideline 2a.</p> <p>As written, the VSL text is clear, specific and objective and it does not contain general, relative or subjective language, satisfying Guideline 2b. Therefore, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement</p>	<p>The VSL does not redefine Requirement R1 but does not undermine the requirement’s reliability goal given that Requirement R2 allows a 24-hour per calendar quarter exception to Requirement R1. Even though the VSL incorporates the exception embodied in Requirement R2, the requirement the degree of compliance can be determined objectively and with certainty.</p>	<p>The VSL assignment complies with Guideline 4, because the requirement expressly provides that a violation of the requirement is based on a single violation.</p>
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							Authority.		
R2.	N/A	N/A	N/A	Each Balancing Authority that is synchronously connected to the Western Interconnection and operates in any AGC operating mode other than ATEC does not notify all other Balancing Authorities of its operating mode through the designated Interconnection communication system	<i>Proposed New VSL</i>	The VSL does not lower the current level of compliance and does not violate Guideline 1.	The VSL is binary and is consistent with the requirement. It does not violate Guideline 2a.  As written, the VSL text is clear, specific and objective and it does not contain general, relative or subjective language, satisfying Guideline 2b. Therefore, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to	The VSL does not redefine or undermine the requirement’s reliability goal. In accordance with Guideline 3, the VSL assignment is consistent with the requirement and the degree of compliance can be determined objectively and with certainty.	The VSL assignment complies with Guideline 4, because the requirement expressly provides that a violation of the requirement is based on a single violation.

							permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.		
R3.	N/A	N/A	N/A	A Balancing Authority in the Western Interconnection cannot change its AGC operating mode.	<i>Proposed New VSL</i>	The VSL does not lower the current level of compliance and does not violate Guideline 1.	The VSL is binary and is consistent with the requirement. It does not violate Guideline 2a. As written, the VSL text is clear, specific and objective and it does not contain general, relative or subjective language, satisfying Guideline 2b. Therefore, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides	The VSL does not redefine or undermine the requirement’s reliability goal. In accordance with Guideline 3, the VSL assignment is consistent with the requirement and the degree of compliance can be determined objectively and with certainty.	The VSL assignment complies with Guideline 4, because the requirement expressly provides that a violation of the requirement is based on a single violation.

							the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.		
R4.	A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any one of subrequirements R4.1 through R4.4.	A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any two of subrequirements R4.1 through R4.4.	A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if hourly checkout is not complete, but fails to comply with any three of subrequirements R4.1 through R4.4.	A Balancing Authority in the Western Interconnection fails to calculate Primary Inadvertent Interchange Balance when check out is complete, or 50 minutes after the hour if hourly checkout is not complete.  OR  A Balancing Authority in the Western Interconnection calculates its hourly Primary Inadvertent Interchange when check out is complete, or 50 minutes after the hour if	<i>Proposed New VSL</i>	The VSL does not lower the current level of compliance and does not violate Guideline 1.	The requirement has graded VSLs; therefore, Guideline 2a is not applicable, and no changes to the VSLs were required for consistency with the guideline.  As written, the VSL text is clear, specific and objective and it does not contain general, relative or subjective language, satisfying	The VSL does not redefine or undermine the requirement’s reliability goal. In accordance with Guideline 3, the VSL assignment is consistent with the requirement and the degree of compliance can be determined objectively and with certainty	The VSL assignments comply with Guideline 4, because the requirement expressly provides that a violation of the requirement is based on a single violation of the requirement and its parts.

				hourly checkout is not complete, but fails to comply with all subrequirements R4.1 through R4.4.			Guideline 2b. Therefore, the text is not subject to the possibility of multiple interpretations of the VSL(s) and provides the clarity needed to permit the consistent and objective application of the VSL(s) in the determination of penalties by the Compliance Enforcement Authority.		
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