

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

**Mandatory Reliability Standards ) Docket No. RM06-16-010  
for the Bulk-Power System ) RM06-16-011**

**QUARTERLY REPORT OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
ON STATUS OF DEVELOPMENT OF BAL-003**

On March 30, 2012, the North American Electric Reliability Corporation (“NERC”) filed with the Federal Energy Regulatory Commission (“FERC” or the “Commission”) a motion for an extension of time to submit a revised Resource and Demand Balancing (“BAL”) Reliability Standard on Frequency Response and Frequency Bias, BAL-003. On May 4, 2012, the Commission issued an order<sup>1</sup> establishing a compliance schedule for NERC to submit a revised BAL-003 consistent with the Commission’s directives in Order No. 693.<sup>2</sup> The Commission established a deadline of May 31, 2013, and directed the submission of informational reports on a quarterly basis describing “the progress NERC is making toward completing its analysis and research as well as the progress it is making in completing work on the other issues and filing a revised BAL-003-0 Reliability Standard by May 31, 2013.”<sup>3</sup> The instant filing is submitted in compliance with the Commission’s directive in the May 4 Order.

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<sup>1</sup> *Mandatory Reliability Standards for the Bulk-Power System*, 139 FERC ¶ 61,097 (2012)(“May 4 Order”).

<sup>2</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, at PP 369-375, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007). *See also Mandatory Reliability Standards for the Bulk-Power System*, 130 FERC ¶ 61,218, *order on reh’g*, 131 FERC ¶ 61,136, *order on compliance filing*, 133 FERC ¶ 61,212 (2010).

<sup>3</sup> May 4 Order at P 9.

## **I. Notices and Communication**

Notices and communications with respect to this filing may be addressed to the following:<sup>4</sup>

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## **II. Attachments**

**Attachment A**      BAL-003-1, Frequency Response and Frequency Bias Setting

## **III. Status of BAL-003 Standard Development Efforts**

The BAL-003-1, Frequency Response and Frequency Bias Setting, Reliability Standard was approved by stakeholders in December 2012 with a quorum of 86.19% and an approval rating of 76.53%. The standard will be presented to the NERC Board of Trustees for adoption in February 2013 and then will be filed with the appropriate regulatory authorities, including the Commission. NERC expects that it will meet the Commission's May 31, 2013 deadline as established in the May 4 Order.

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<sup>4</sup> Persons to be included on FERC's service list are indicated with an asterisk. NERC requests waiver of 18 C.F.R. § 385.203(b) to permit the inclusion of more than two people on the service list.

**IV. Conclusion**

The North American Electric Reliability Corporation respectfully requests that the Commission accept this Compliance Filing in accordance with the Commission's directives in the May 4 Order.

Respectfully submitted,

/s/ Stacey Tyrewala

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*Counsel for North American Electric Reliability  
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Dated: January 23, 2013

**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 January, 2013.

/s/ Stacey Tyrewala

Stacey Tyrewala

*Attorney for North American Electric  
Reliability Corporation*

## **Attachment A**

BAL-003-1, Frequency Response and Frequency Bias Setting

## Standard Development Roadmap

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

### Development Steps Completed:

1. The Standards Committee approved the SAR for posting on January 13, 2005.
2. The SAR was posted for industry comment from January 17, 2005 through February 17, 2005.
3. Reply comments and a revised SAR were posted for a second industry comment period from April 4, 2006 through May 3, 2006.
4. Reply comments and a revised SAR were posted for a third industry comment period from February 8, 2007 through March 9, 2007.
5. Standards Committee approved moving the project into the standards development phase on July 12, 2007.
6. The Standards Committee appointed the Standard Drafting Team on August 13, 2007.
7. The draft standard was posted for a 30 day formal comment period from February 4, 2011 through March 7, 2011.
8. The draft standard was posted for a 45-day formal comment period and a 10 day initial ballot from October 25, 2011 through December 8, 2011.

### Proposed Action Plan and Description of Current Draft:

This is the third posting of the proposed standard and its associated documents for a 30 day formal comment period and a successive 10 day ballot, from October 5, 2012 through November 5, 2012.

### Future Development Plan:

Anticipated Actions	Anticipated Date
1. Respond to comments submitted within the comment period and with the successive ballot.	December, 2012
2. Conduct a recirculation ballot for ten days.	December, 2012
3. BOT adoption.	February, 2013

## **Definitions of Terms used in the Standard**

### **Frequency Response Measure (FRM)**

The median of all the Frequency Response observations reported annually by Balancing Authorities or Frequency Response Sharing Groups for frequency events specified by the ERO. This will be calculated as MW/0.1Hz.

### **Frequency Response Obligation (FRO)**

The Balancing Authority's share of the required Frequency Response needed for the reliable operation of an Interconnection. This will be calculated as MW/0.1Hz.

### **Frequency Bias Setting**

A number, either fixed or variable, usually expressed in MW/0.1 Hz, included in a Balancing Authority's Area Control Error equation to account for the Balancing Authority's inverse Frequency Response contribution to the Interconnection, and discourage response withdrawal through secondary control systems.

### **Frequency Response Sharing Group (FRSG) <sup>1</sup>**

A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating resources required to jointly meet the sum of the Frequency Response Obligations of its members.

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<sup>1</sup> This term and definition is identical to the definition in BAL-012-1 proposed standard.

## A. Introduction

### **Title: Frequency Response and Frequency Bias Setting**

### **Number: BAL-003-1**

**Purpose:** To require sufficient Frequency Response from the Balancing Authority (BA) to maintain Interconnection Frequency within predefined bounds by arresting frequency deviations and supporting frequency until the frequency is restored to its scheduled value. To provide consistent methods for measuring Frequency Response and determining the Frequency Bias Setting.

### **Applicability:**

#### **1.1. Balancing Authority**

**1.1.1** The Balancing Authority is the responsible entity unless the Balancing Authority is a member of a Frequency Response Sharing Group, in which case, the Frequency Response Sharing Group becomes the responsible entity.

#### **1.2. Frequency Response Sharing Group**

### **Effective Date:**

**1.3.** In those jurisdictions where regulatory approval is required, Requirements R2, R3 and R4 of this standard shall become effective the first calendar day of the first calendar quarter 12 months after applicable regulatory approval. In those jurisdictions where no regulatory approval is required, Requirements R2, R3 and R4 of this standard shall become effective the first calendar day of the first calendar quarter 12 months after Board of Trustees adoption.

**1.4.** In those jurisdictions where regulatory approval is required, Requirements R1 of this standard shall become effective the first calendar day of the first calendar quarter 24 months after applicable regulatory approval. In those jurisdictions where no regulatory approval is required, Requirements R1 of this standard shall become effective the first calendar day of the first calendar quarter 24 months after Board of Trustees adoption.

## B. Requirements

**R1.** Each Frequency Response Sharing Group (FRSG) or Balancing Authority that is not a member of a FRSG shall achieve an annual Frequency Response Measure (FRM) (as calculated and reported in accordance with Attachment A) that is equal to or more negative than its Frequency Response Obligation (FRO) to ensure that sufficient Frequency Response is provided by each FRSG or BA that is not a member of a FRSG to maintain Interconnection Frequency Response equal to or more negative than the Interconnection Frequency Response Obligation. [*Risk Factor: Medium*][*Time Horizon: Real-time Operations*]

- R2.** Each Balancing Authority that is a member of a multiple Balancing Authority Interconnection and is not receiving Overlap Regulation Service and uses a fixed Frequency Bias Setting shall implement the Frequency Bias Setting determined in accordance with Attachment A, as validated by the ERO, into its Area Control Error (ACE) calculation during the implementation period specified by the ERO and shall use this Frequency Bias Setting until directed to change by the ERO. *[Risk Factor: Medium ][Time Horizon: Operations Planning]*
- R3.** Each Balancing Authority that is a member of a multiple Balancing Authority Interconnection and is not receiving Overlap Regulation Service and is utilizing a variable Frequency Bias Setting shall maintain a Frequency Bias Setting that is: *[Risk Factor: Medium ][Time Horizon: Operations Planning]*
- 3.1** Less than zero at all times, and
- 3.2** Equal to or more negative than its Frequency Response Obligation when Frequency varies from 60 Hz by more than +/- 0.036 Hz.
- R4.** Each Balancing Authority that is performing Overlap Regulation Service shall modify its Frequency Bias Setting in its ACE calculation, in order to represent the Frequency Bias Setting for the combined Balancing Authority Area, to be equivalent to either: *[Risk Factor: Medium ][Time Horizon: Operations Planning]*
- The sum of the Frequency Bias Settings as shown on FRS Form 1 and FRS Form 2 for the participating Balancing Authorities as validated by the ERO, or
  - The Frequency Bias Setting shown on FRS Form 1 and FRS Form 2 for the entirety of the participating Balancing Authorities' Areas.

### C. Measures

- M1.** Each Frequency Response Sharing Group or Balancing Authority that is not a member of a Frequency Response Sharing Group shall have evidence such as dated data plus documented formula in either hardcopy or electronic format that it achieved an annual FRM (in accordance with the methods specified by the ERO in Attachment A with data from FRS Form 1 reported to the ERO as specified in Attachment A) that is equal to or more negative than its FRO to demonstrate compliance with Requirement R1.
- M2.** The Balancing Authority that is a member of a multiple Balancing Authority Interconnection and is not receiving Overlap Regulation Service shall have evidence such as a dated document in hard copy or electronic format showing the ERO validated Frequency Bias Setting was implemented into its ACE calculation within the implementation period specified or other evidence to demonstrate compliance with Requirement R2.
- M3.** The Balancing Authority that is a member of a multiple Balancing Authority Interconnection, is not receiving Overlap Regulation Service and is utilizing variable Frequency Bias shall have evidence such as a dated report in hard copy or electronic format showing the average clock-minute average Frequency Bias Setting was less than zero and during periods when the clock-minute average frequency was outside of

the range 59.964 Hz to 60.036 Hz was equal to or more negative than its Frequency Response Obligation to demonstrate compliance with Requirement R3.

- M4.** The Balancing Authority shall have evidence such as a dated operating log, database or list in hard copy or electronic format showing that when it performed Overlap Regulation Service, it modified its Frequency Bias Setting in its ACE calculation as specified in Requirement R4 to demonstrate compliance with Requirement R4.

## **D. Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Enforcement Authority**

The Regional Entity is the Compliance Enforcement Authority except where the responsible entity works for the Regional Entity. Where the responsible entity works for the Regional Entity, the Regional Entity will establish an agreement with the ERO or another entity approved by the ERO and FERC (i.e. another Regional Entity), to be responsible for compliance enforcement.

#### **1.2. Compliance Monitoring and Assessment Processes:**

Compliance Audits

Self-Certifications

Spot Checking

Compliance Investigation

Self-Reporting

Complaints

#### **1.3. Data Retention**

The following evidence retention periods identify the period of time an entity is required to retain specific evidence to demonstrate compliance. For instances where the evidence retention period specified below is shorter than the time since the last audit, the Compliance Enforcement Authority may ask an entity to provide other evidence to show that it was compliant for the full time period since the last audit.

The Balancing Authority shall retain data or evidence to show compliance with Requirements R1, R2, R3 and R4, Measures M1, M2, M3 and M4 for the current year plus the previous three calendar years unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

The Frequency Response Sharing Group shall retain data or evidence to show compliance with Requirement R1 and Measure M1 for the current year plus the previous three calendar years unless directed by its Compliance Enforcement

Authority to retain specific evidence for a longer period of time as part of an investigation.

If a Balancing Authority or Frequency Response Sharing Group is found non-compliant, it shall keep information related to the non-compliance until found compliant or for the time period specified above, whichever is longer.

The Compliance Enforcement Authority shall keep the last audit records and all subsequent requested and submitted records.

**1.4. Additional Compliance Information**

For Interconnections that are also Balancing Authorities, Tie Line Bias control and flat frequency control are equivalent and either is acceptable.

**2.0 Violation Severity Levels**

R#	Lower VSL	Medium VSL	High VSL	Severe VSL
R1	The summation of the Balancing Authorities' FRM within an Interconnection was equal to or more negative than the Interconnection's IFRO, and the Balancing Authority's, or Frequency Response Sharing Group's, FRM was less negative than its FRO by more than 1% but by at most 30% or 15 MW/0.1 Hz, whichever one is the greater deviation from its FRO	The summation of the Balancing Authorities' FRM within an Interconnection was equal to or more negative than the Interconnection's IFRO, and the Balancing Authority's, or Frequency Response Sharing Group's, FRM was less negative than its FRO by more than 30% or by more than 15 MW/0.1 Hz, whichever is the greater deviation from its FRO	The summation of the Balancing Authorities' FRM within an Interconnection did not meet its IFRO, and the Balancing Authority's, or Frequency Response Sharing Group's, FRM was less negative than its FRO by more than 1% but by at most 30% or 15 MW/0.1 Hz, whichever one is the greater deviation from its FRO	The summation of the Balancing Authorities' FRM within an Interconnection did not meet its IFRO, and the Balancing Authority's, or Frequency Response Sharing Group's, FRM was less negative than its FRO by more than 30% or by more than 15 MW/0.1 Hz, whichever is the greater deviation from its FRO
R2	The Balancing Authority in a multiple Balancing Authority Interconnection and not receiving Overlap Regulation	The Balancing Authority in a multiple Balancing Authority Interconnection and not receiving Overlap Regulation	The Balancing Authority in a multiple Balancing Authority Interconnection and not receiving Overlap Regulation	The Balancing Authority in a multiple Balancing Authority Interconnection and not receiving Overlap Regulation

	Service and uses a fixed Frequency Bias Setting failed to implement the validated Frequency Bias Setting value into its ACE calculation within the implementation period specified but did so within 5 calendar days from the implementation period specified by the ERO.	Service and uses a fixed Frequency Bias Setting implemented the validated Frequency Bias Setting value into its ACE calculation in more than 5 calendar days but less than or equal to 15 calendar days from the implementation period specified by the ERO.	Service and uses a fixed Frequency Bias Setting implemented the validated Frequency Bias Setting value into its ACE calculation in more than 15 calendar days but less than or equal to 25 calendar days from the implementation period specified by the ERO.	Service and uses a fixed Frequency Bias Setting did not implement the validated Frequency Bias Setting value into its ACE calculation in more than 25 calendar days from the implementation period specified by the ERO.
R3	The Balancing Authority that is a member of a multiple Balancing Authority Interconnection and is not receiving Overlap Regulation Service and uses a variable Frequency Bias Setting average Frequency Bias Setting during periods when the clock-minute average frequency was outside of the range 59.964 Hz to 60.036 Hz was less negative than its Frequency Response Obligation by more than 1% but by at most 10%.	The Balancing Authority that is a member of a multiple Balancing Authority Interconnection and not receiving Overlap Regulation Service and uses a variable Frequency Bias Setting average Frequency Bias Setting during periods when the clock-minute average frequency was outside of the range 59.964 Hz to 60.036 Hz was less negative than its Frequency Response Obligation by more than 10% but by at most 20%.	The Balancing Authority that is a member of a multiple Balancing Authority Interconnection and not receiving Overlap Regulation Service and uses a variable Frequency Bias Setting average Frequency Bias Setting during periods when the clock-minute average frequency was outside of the range 59.964 Hz to 60.036 Hz was less negative than its Frequency Response Obligation by more than 20% but by at most 30%.	The Balancing Authority that is a multiple Balancing Authority Interconnection and not receiving Overlap Regulation Service and uses a variable Frequency Bias Setting average Frequency Bias Setting during periods when the clock-minute average frequency was outside of the range 59.964 Hz to 60.036 Hz was less negative than its Frequency Response obligation by more than 30%..
R4	The Balancing Authority incorrectly changed the Frequency Bias Setting value used in its ACE calculation when providing	The Balancing Authority incorrectly changed the Frequency Bias Setting value used in its ACE calculation when providing	The Balancing Authority incorrectly changed the Frequency Bias Setting value used in its ACE calculation when providing	The Balancing Authority incorrectly changed the Frequency Bias Setting value used in its ACE calculation when providing

	Overlap Regulation Services with combined footprint setting-error less than or equal to 10% of the validated or calculated value.	Overlap Regulation Services with combined footprint setting-error more than 10% but less than or equal to 20% of the validated or calculated value.	Overlap Regulation Services with combined footprint setting-error more than 20% but less than or equal to 30% of the validated or calculated value.	Overlap Regulation Services with combined footprint setting-error more than 30% of the validated or calculated value.  OR The Balancing Authority failed to change the Frequency Bias Setting value used in its ACE calculation when providing Overlap Regulation Services.
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**E. Regional Variance**

None

**F. Associated Documents**

Procedure for ERO Support of Frequency Response and Frequency Bias Setting Standard

FRS Form 1

FRS Form 2

Frequency Response Standard Background Document

**G. Version History**

Version	Date	Action	Change Tracking
0	April 1, 2005	Effective Date	New
1		Complete Revision under Project 2007-12	Revision