PJM Reliability Standards & Compliance Subcommittee
Monthly WebEx

March 22, 2013
1. Administration
2. FERC Activities Update
3. NERC Activities Update
4. Regional Entities Update
5. NERC & Regional Coordination Dept. Compliance Activities
6. Member Issues
7. Future Agenda Items
8. Future Meetings
Agenda Item 2: FERC Activities

• No new FERC Activities to report
Agenda Item 3: NERC Activities – Committee Updates

• No NERC committee updates to report

NERC PC (Mar 5-6)
    BES Exception Process
    GMD – Operating Procedures Template

NERC CCC
    Reliability Standards Advisory SERVICE

SC Process Sub (Mar 6)
### Project 2012-08.1 – Phase 1 of Glossary Updates: Statutory Definitions

Phase 1 of the Glossary Updates for Statutory Definitions is being posted for a 30-day formal comment period from February 21 through March 22, 2013. A successive ballot will be conducted March 13 through March 22, 2013.

ISO SRC has no comments on this Project. There are no issues of import.

The definitions below look straightforward. The only things that come to mind are on the Reliability Standard definition:

- While it’s a fine point, I’m wondering if Reliability Standards only should apply to the Bulk Electric System rather than the BPS.
- Since they mentioned the EPAct language that standards cannot be used to enlarge facilities, it seems like they should also state the other provision of the legislation (that the ERO does not have the authority for safety standards).
## Agenda Item 3: NERC Activities - Standards Under Development

### Standards

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<tr>
<td>COM-003</td>
<td><strong>Project 2007-02 – Operating Personnel Communications Protocols</strong></td>
<td>Successive Ballot and Non-binding Poll</td>
<td>3/27/13–4/05/13</td>
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A formal comment period for COM-003-1 – Operating Personnel Communication Protocols is open through 8 p.m. Eastern on Friday, April 5, 2013. A successive ballot of COM-003-1 and a non-binding poll of the associated VRFs and VSLs will be conducted beginning on Wednesday, March 27, 2013 through 8 p.m. Eastern on Friday, April 5, 2013.

In response to comments received during the last comment period and other input, the drafting team has adopted many of the recommendations of commenters and attendees of the “Communications in Operations Conference” of February 14-15, 2013, in Atlanta, and incorporated them into COM-003-1, draft 5.
• NY has two items we are reviewing:
  • Why did they not place the language in the blue box into the requirement. If the requirement needs to be explained at this point, why not simply revised the requirement to be more clear? In addition, by using this definition we have now introduced a list of “controls” that we will be audited against. Should the requirement simply be have a procedure and let the ‘internal controls review (RAI)” take care of the scope of the compliance testing?

• Implementation means (in R1, R2 R3 and R4) incorporating the communication protocols into processes, policies, procedures, training programs and assessment programs to support setting and attaining the communication expectations of operators (R3) and System Operators (R1).
  • We are wondering to what degree do we need to prove we considered on of the sub bullets of R1. What would we need to show that the use of alpha-numeric’s are not applicable?

• We are not sure If these are show stoppers but will at least comment on these items.
• The proposed changes do not create a common results-based standard that would address a reliability problem. As proposed the standard creates a fill-in-the-blanks solution that would discourage a functional entity from employing anything more than a least common denominator solution.

• Technically the definition and proposal are improvements and the SRC would agree with the proposed changes, if the definition and proposal were needed. The issue is with the need for this definition, and the continuing debate this definition is generating. The SRC is opposed to having this term defined and added to the NERC Glossary. The term operating instruction does not need to be defined. For years, system operators deal with operating instructions on a daily if not minute basis. Having a defined term, and calling such communication as “Command” is unnecessary, and can confuse operators from what they understand to be the meaning of operating instructions. While the SDT has found that their previous definitions were not appropriate for a NERC standard, and subsequent incremental changes are useful, the debate itself does not seem to be a productive use of the SDT’s or the Industry’s time.

• The SRC would prefer that the objectives of the SAR (communications protocols) be handled through means other than a Standard (e.g. the Operating Committee’s Reliability Guidelines on Communications). The reason being, a standard requires zero-defect compliance, data retention, self-reporting, and requires these debates over the proposed terms such as “Operating instruction” which diverts the Industry, NERC and the Regional Entities from focusing on more productive reliability issues.

• The proposed RSAW wording must be more objective as the current test contains too many subjective requirements:

  • Page 3
  • “…Identification of instances…” – will this be viewed as identification of every instance or will one instance be sufficient?
  • “…when….necessary…” – who decides when there is a necessity? The auditor or the functional entity?

  • Page 4
  • “…may include…” – this phraseology may be seen as meaning the listed following items are among the items that are required but are themselves insufficient to meet the requirement.

  • Page 5
  • “…reviews of System Operator voice recordings…: - it should be made clear that the “review” is of the sampled recordings used by the entity in its own self-assessments, and not a “review” of any voice recording.
  • “Where practicable” is subjective and inappropriate for a standard.
### Standards

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<td>The Standard Drafting Team is posting Draft 2 of BAL-001-1 Real Power Balancing Control Performance, BAL-002-2 Contingency Reserve for Recovery from a Balancing Contingency Event, and BAL-013-1 Large Loss of Load Performance for 45-day formal comment periods through April 25, 2013. Initial ballots of the standards and non-binding polls of the associated VRF/VSLs will be conducted April 16, 2013 through April 25, 2013. BAL-012-1 Operating Reserve Policy was posted for a 45-day formal comment period with an initial ballot and non-binding poll through January 14, 2013. The initial ballot failed to achieve the required two-thirds industry approval. Based on industry comments received during this ballot period, the drafting team elected to cease any further development of the proposed BAL-012-1 standard.</td>
<td>Join Ballot Pools</td>
<td>3/12/13 – 4/25/13</td>
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• BAL-001
• We don’t understand the reasoning for these new definitions (re RSG). Balancing Authorities have an Area Control Error. The standards presently allow for overlap and supplemental regulation that allow a BA to obtain regulation services, which appears to be the driver for these definitions. We also cannot find in a SAR associated with this project that proposes to change BAL-001. While the Reliability Based Control standard is referenced in the changes, RBC deals with a 30 minute limit on ACE and not redefinition of ACE and the creation of new entities.

• Unless there is justification we missed, the new definitions should be removed
• With regard to the ACE equation and the WECC ATEC term, we recommend that the ACE equation be simplified and made such that it would work with any interconnection. We recommend the term IATEC be changed to ITC, which would stand for Tertiary Control. The balancing standards should limit the magnitude of TC to a value such as 20% of Bias. This would work for both the WECC and HQ approach to controlling time error and assisting in inadvertent interchange management (WECC). It would also give the Eastern Interconnection a tool to reduce the number of Time Error Corrections, which will be important if we want to encourage generators to reduce their deadbands under BAL-003-1.
• BAL-002
• The presently approved NERC definition for contingency seems adequate for this standard.
• Requirement 1 should not be an event by event obligation.
• Regarding definition of Reportable event:
  - Comments: In Order 693 (P355) the Commission declined to define a ‘significant deviation as a frequency deviation of 20 mHz’, but instead directed the ERO ‘to define a significant deviation and a reportable event’. The Commission directed that ‘loss of supply, loss of load and significant scheduling problems, which can cause frequency disturbances,’ must be taken into account when developing the aforementioned definitions. PJM believes that the Commission clearly intended that any definition of a reportable balancing contingency event include a frequency deviation component and that the current definitions do not satisfy that directive.
  - The Background Document states on page 4 that “FERC Order 693 (at P355) directed entities to include a Requirement that measures response for any event or contingency that causes a frequency deviation.” PJM disagrees with this interpretation of the Commission’s directive. In Order 693 (P355) the Commission declined to define a ‘significant deviation as a frequency deviation of 20 mHz’, but instead directed the ERO ‘to define a significant deviation and a reportable event’. The Commission directed that ‘loss of supply, loss of load and significant scheduling problems, which can cause frequency disturbances,’ must be taken into account when developing the aforementioned definitions. PJM believes that the Commission clearly intended that any definition of a Reportable Balancing Contingency Event include a frequency deviation component and that the current definitions do not satisfy that directive.
  - The Background Document on page 6 points to statistical frequency data supplied by CERTS in Attachment 1 to support the 500MW reporting threshold. While Attachment 1 shows the box plots used for this determination, it does not provide a narrative defining the sampling data or method. It appears that frequency deviations resulting from loss of load and loss of supply were included in the same sample. PJM questions whether this is appropriate and believes that a narrative needs to be added to Attachment 1 that explains the data sample and method.
  - PJM appreciates the SDT’s goal of drafting a continent-wide standard but disagrees with the SDT’s approach of ‘one size fits all’ in defining a Reportable Balancing Contingency Event. As previously stated, PJM believes that the Commission directive of defining a significant (frequency) event is not satisfied by this standard. Additionally, using 500MW as an example, a loss of 500MW may cause a significant frequency deviation at midnight on April 1st but not at 17:00 on August 1st. The same 500MW loss may cause a significant frequency deviation in the Western Interconnection but not in the Eastern Interconnection. PJM believes that this SDT and other SDT’s have acknowledged that a ‘one size fits all’ approach is not always appropriate for all Interconnections. In the proposed BAL-001-2, the BARC SDT proposes a definition of ACE that is only applicable for the Western Interconnection. In BAL-003-1, that was recently approved by the industry and the NERC BOT, the FR SDT identified different frequency excursion criteria for each Interconnection that are used to identify candidate events for evaluating frequency response performance. The FRI Report, approved by the NERC PC and accepted by the NERC OC, identified different statistically derived delta frequencies for each Interconnection in developing IFRO’s.
  - PJM respectfully suggests that the SDT give due consideration to redefining a Balancing Contingency Event and Reportable Balancing Contingency Event that satisfies the Commission directive of defining a significant (frequency) deviation. Such a definition could resemble 80% of MSSC or a supply, load, or scheduling event that results in a frequency deviation of XXmHz (depending on the Interconnection) in any rolling 16 second period. Previous work completed by the FR SDT and NERC staff would be leveraged to this end.
• **Requirement R2 which requires entities to have Contingency Reserve at least equal to its MSSC.**

  - This requirement will have significant negative unintended consequences. Reserves are an inventory intended to be used when there is a reliability need.
  - The first unintended consequence is that BAs are encouraged by this requirement never to deploy their contingency reserves except for a DCS-reportable events. The original Policy 1 noted many reasons for operating reserves. BAs whose ACE is extremely negative for other reasons would be reluctant to deploy their contingency reserves because the timer would start ticking on the “available hours” clock.
  - The second unintended consequence for those BAs that don’t withhold contingency reserves for non-DCS events is that they will be obliged to increase the amount of contingencies the carry so they always have more reserves than their MSSC. This will increase costs to our customers without a demonstrated need. DCS performance in North America has been stellar compared to what was considered adequate performance under Policy 1.
  - The last most significant unintended consequence relates to the **embedded expectation to recover from and measure multi-contingent events beyond MSSC.** When these events happen, something bigger is going on. Transmission security is probably an issue. Forcing a knee-jerk expectation to drive ACE back toward zero during a major event will likely do more harm than good. This is another thing that wasn’t in the drafting team’s SAR or in a directive. Events greater than MSSC should be reported, but not evaluated for compliance. While it’s fine to embed some of the calculations in the background document in a reporting form, events greater than MSSC should be excluded from compliance evaluation.
  - This proposal sets a commodity standard which is not in keeping with the superior approach of having performance-based standards. Not all BAs have the same needs for the various types of operating reserves. Performance is the demonstration of adequacy.
  - We believe the way a way to achieve the Commissions directive for a continent wide policy is for the drafting team, in concert with the NERC operating committee, to create a policy document that outlines the factors that the BA uses in performing an assessment of needed frequency responsive, regulating and contingency reserves. The policy should provide simple definitions for frequency responsive, regulating, contingency, and replacement reserves. Once the policy has undergone comment through the standards process (this was the directive in 693), NERC should add these four types of reserves to “Attachment 1-TOP-005 Electric System Reliability Data” with the expectation in the policy that Reliability Coordinators collect this information in real time for use in the EEA process.
  - The standard should be based on the lesser of 80% of MSSC, or a lower value chosen by the Balancing Authority.
Agenda Item 4: Regional Entities Activities

- No new RE activities to report
Agenda Item 5: NERC & Regional Coordination Dept.

Compliance Activities

- CIP Spot Check & 693 Audit
  - Currently in settlement discussions
- Kenzie Creek CVI
  - NOV – Issued
- 2010 Freq Excursion Spot Check
  - NOV – TOP-006 R5
- Upcoming RFC TO Audits
  - BGE week of July 22
  - PECO week of September 23
- FERC Audit
Agenda Item 5: NERC & Regional Coordination Dept.
Compliance Activities (cont.)

- PJM 693 Audit  April 9-12, 2013
- EKPC Certification  April 17-19, 2013
- PJM CIP Audit  April 22-26, 2013
Agenda Item 6: Member Issues

- EOP-005-2 – R13 Compliance Discussion
- CIP Recommendations in the FERC Audit (Ms. Pai)
Agenda Item 7: Future Agenda Items
Agenda Item 8: Future Meeting Dates

- April 19\textsuperscript{th}, 2013 (WebEx)
- May 16\textsuperscript{th}, 2013 (F2F)
- June 21\textsuperscript{st}, 2013 (WebEx)
- July 19\textsuperscript{th}, 2013 (WebEx)
- August 15\textsuperscript{th}, 2013 (F2F)
- September 20\textsuperscript{th}, 2013 (WebEx)
- October 18\textsuperscript{th}, 2013 (WebEx)
- November 21\textsuperscript{st}, 2013 (F2F)
- December 20\textsuperscript{th}, 2013 (WebEx)