152 FERC ¶ 61,176
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Philip D. Moeller, Cheryl A. LaFleur,
Tony Clark, and Colette D. Honorable.

Real Power Balancing Control Performance Reliability Standard — Docket No. RM14-10-002

ORDER DENYING CLARIFICATION AND REHEARING

(Issued September 1, 2015)

1. In Order No. 810, the Commission approved Reliability Standard BAL-001-2 (Real Power Balancing Control Performance) submitted by the North American Electric Reliability Corporation (NERC).[1] Powerex Corp (Powerex) filed a timely request for clarification or, in the alternative, rehearing of Order No. 810. For the reasons discussed below, we deny Powerex's request.

I. Background

A. NERC Petition

2. On April 2, 2014, NERC filed a petition seeking Commission approval of Reliability Standard BAL-001-2. Reliability Standard BAL-001-2 sets forth Balancing Authority ACE Limits,[2] unique for each balancing authority, that provide dynamic limits for a balancing authority's ACE value limits as a function of Interconnection frequency. Reliability Standard BAL-001-2 requires a balancing authority to balance its resources

[1] *Real Power Balancing Control Performance Reliability Standard*, Order No. 810, 80 Fed. Reg. 22,395 (Apr. 22, 2015), 151 FERC ¶ 61,048 (2015).

[2] The Balancing Authority ACE Limit provides the basis for a balancing authority's obligation to balance its resources and demand in real-time so that its clock-minute average Area Control Error (ACE) does not exceed its Balancing Authority ACE Limit for more than 30 consecutive clock minutes. ACE is the instantaneous difference between a Balancing Authority's Net Actual and Scheduled Interchange, taking into account the effects of Frequency Bias, correction for meter error, and Automatic Time Error Correction, if operating in that mode.

and demand so that the clock-minute average of its ACE does not exceed its Balancing Authority ACE Limit for more than 30 consecutive minutes.

B. Notice of Proposed Rulemaking

3. On November 20, 2014, the Commission issued a Notice of Proposed Rulemaking proposing to approve Reliability Standard BAL-001-2 as just, reasonable, not unduly discriminatory or preferential and in the public interest.[3] In the NOPR, the Commission stated that the Balancing Authority ACE Limit in Reliability Standard BAL-001-2 encourages operation in support of Interconnection frequency and drives corrective action back within predefined ACE limits when needed to adjust Interconnection frequency.[4]

4. In the NOPR, the Commission also addressed the results of a NERC field trial on the Balancing Authority ACE Limit in Reliability Standard BAL-001-2.[5] The NOPR described the potential for Reliability Standard BAL-001-2 to contribute to unscheduled power flows and inadvertent interchange that could have adverse reliability impacts.[6] The NOPR stated that "due to a large allowance in ACE deviations in real-time while still complying with the proposed Balancing Authority ACE Limit, an increase in the amount of inadvertent interchange on the bulk electric system of all Interconnections may result."[7] Therefore, the Commission proposed to direct NERC to submit an informational filing 90 days after the end of the two-year period following implementation to monitor unscheduled flows and inadvertent interchange in the Western and Eastern Interconnections.

---

[3] *Real Power Balancing Control Performance Reliability Standard*, Notice of Proposed Rulemaking, 79 Fed. Reg. 70,483 (Nov. 26, 2014), 149 FERC ¶ 61,139 (2014) (NOPR).

[4] *Id.* P 16 ("By basing Balancing Authority ACE Limits on pre-defined frequency trigger limits for each Interconnection, we believe the real-time measurements established in proposed Reliability Standard BAL-001-2 will help ensure the Interconnection frequency returns to a reliability state should a balancing authority's ACE, or the Interconnection frequency, exceed acceptable bounds.").

[5] *Id.* PP 20-24. On July 31, 2014, NERC submitted its Preliminary Field Trial Report evaluating the effects of Reliability Standard BAL-001-2. NERC, July 31, 2014 Field Trial Report (Field Trial Report).

[6] NOPR, 149 FERC ¶ 61,139 at P 22.

[7] *Id.* P 21.

5. In response to the NOPR, the Commission received comments from Powerex and eleven other entities. Powerex stated that Reliability Standard BAL-001-2 could have a material, adverse impact on the western transmission markets, and "harm competition to the detriment of both transmission customers and system reliability."[8] Powerex asserted that "commercially-interested" balancing authorities would exploit the proposed Balancing Authority ACE Limit to deliberately reduce their control of imbalances, creating "unscheduled flows on adjacent systems that can inequitably and inefficiently curtail the transmission capacity available to transmission customers that have paid to use the transmission system."[9] Powerex urged the Commission to expand the scope of the informational filing proposed in the NOPR to include instances of unscheduled flows associated with ACE imbalances that lead to curtailment or other mitigation measures, and to obligate balancing authorities to publish monthly ACE data every 30 days.[10]

C. Order No. 810

6. In Order No. 810, the Commission approved Reliability Standard BAL-001-2 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Commission determined that Reliability Standard BAL-001-2 "will help ensure that Interconnection frequency is maintained through both long and short term performance measures for Interconnection frequency control and dynamic (i.e., real-time) limits that are specific for each balancing authority and Interconnection."[11]

7. The Commission, however, determined that NERC's field trial "demonstrated clear potential for the Balancing Authority ACE Limit to cause unscheduled power flows and inadvertent interchange that could lead to SOL/IROL problems."[12] Accordingly, the Commission directed NERC to provide more data in the informational filing than what was proposed in the NOPR, including "an analysis of data (all relevant events or a representative sample) on whether experience with the Balancing Authority ACE Limit in the first two years after approval has seen ACE swings and unscheduled power flows or inadvertent interchange that could cause SOL/IROL exceedances."[13] Further, the Commission stated that it expected NERC to retain the data related to its analysis so that

---

[8] Powerex Comments at 7.

[9] *Id.* at 8.

[10] *Id.* at 23, 27.

[11] Order No. 810, 151 FERC ¶ 61,048 at P 18.

[12] *Id.* P 37.

[13] *Id.* P 38.

it will be available, if needed, for possible future evaluations of the effect of Reliability Standard BAL-001-2 and the Balancing Authority ACE Limit.[14]

8. Order No. 810 rejected Powerex's claims regarding the possible adverse impact of Reliability Standard BAL-001-2 on reliability, competition, and transmission markets, finding Powerex's assertions to be without factual support and "largely speculative."[15] Regarding Powerex's concern that Reliability Standard BAL-001-2 could be exploited to the detriment of transmission customers, the Commission determined that "there is no support in the record for Powerex's claim that there is evidence that during the field trial market participants seized 'opportunities … to deliberately reduce their control of imbalances, effectively leaning on their systems … resulting in an increase in unscheduled flows and degradation of transmission service in the region.'"[16]

9. The Commission also found Powerex's reliance on an analysis of the impact of the Balancing Authority ACE Limit on unscheduled flow on the California Oregon Intertie Powerex, which was presented to WECC's Unscheduled Flow Administrative Subcommittee, to be unpersuasive.[17] Rather than support Powerex's concerns, the Commission noted the WECC staff's conclusion that the results of Powerex's analysis "are valid only within the assumptions they have made, but based upon actual path flow data we believe the assumptions are incorrect and lead to large overestimations of the RBC (Balancing Authority ACE Limit) impact on Unscheduled Flow."[18]

10. The Commission also rejected Powerex's reliance on the increase in e-tag curtailments across Path 36 (in eastern Wyoming and Colorado) noted in the WECC Performance Group's December 2011 Quarterly Report on the Balancing Authority ACE Limit Field Trial. The Commission determined that a causal connection between the e-tag curtailments and the Balancing Authority ACE Limit field trial was uncertain due to the possibility that other factors, such as outages at the San Onofre Nuclear Generating Station unit in California, low hydro conditions in Northern California and other outages affecting California's energy imports, could have contributed to the curtailments.[19] The Commission concluded that, to address possible "gaps" in Reliability Standard

---

[14] *Id.*

[15] *Id.* P 39.

[16] *Id.* (quoting Powerex Comments at 7).

[17] *Id.* P 40.

[18] *Id.*

[19] *Id.*

BAL-001-2, Powerex should consider engaging in NERC's ongoing monitoring effort and inform the Commission of specific instances of deliberate misconduct if they occur.[20]

II. Powerex Request

11. On May 18, 2015, Powerex filed a request for clarification or, in the alternative, rehearing of Order No. 810. Powerex asserts that the monitoring effort and informational filing directed in Order No. 810 are insufficient to provide market participants with enough information about ACE imbalances to "timely" identify the possible exploitation of the Balancing Authority ACE Limit by balancing authorities.[21] To address this alleged shortcoming, Powerex requests that the Commission: (1) direct all balancing authorities in the Western Interconnection to disclose and publish their monthly clock-minute ACE data to ensure that market participants can monitor the implementation of Reliability Standard BAL-001-2; and (2) expand the scope of the informational filing directive contained in Order No. 810 to require NERC to identify unscheduled power flows associated with ACE imbalances that required curtailment of transmission schedules or other mitigation measures.

12. With respect to the possible abuse of the Balancing Authority ACE Limit by balancing authorities, Powerex argues that it and other market participants "will not be able to timely identify instances in which a [balancing authority] may be exploiting the [Reliability Standard BAL-001-2] unless the Commission takes steps to enhance the transparency of [balancing authority] imbalances."[22] Powerex claims that to enable market participants to detect when balancing authorities "may be exploiting [Reliability Standard BAL-001-2] to operate with persistent and deliberate imbalances and causing unscheduled flows and inadvertent interchange," the Commission should direct balancing authorities in the Western Interconnection "to disclose and publish their clock-minute ACE data no later than 30 days after the end of each month."[23] Powerex asserts that this would impose only a minimal burden on balancing authorities, as they already are required to provide NERC with ACE data.[24] According to Powerex, requiring more

[20] *Id.* P 41.

[21] Powerex Request at 6.

[22] *Id.*

[23] *Id.*

[24] *Id.* at 7 (citing *Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, Order No. 784, FERC Stats. & Regs. ¶ 31,349, at P 116 (2013), *order on clarification*, Order No. 784-A, 146 FERC ¶ 61,114 (2014) and Reliability Standard BAL-001-2 D.1.2 (requiring balancing authorities to retain clock-minute ACE data)).

timely disclosure of ACE data "will not expand the information that must be provided, it will merely require that it be provided with less of a delay."[25]

13. While supporting the informational filing directive in Order No. 810, Powerex expresses concern that "the scope of the informational filing is not sufficient to provide the Commission with an accurate picture of the extent to which implementation of [Reliability Standard BAL-001-2] is leading to an increase in unscheduled flows or inadvertent interchange."[26] Powerex asserts that limiting the focus of NERC's informational filing to ACE swings and unscheduled power flows or inadvertent interchange that could cause SOL/IROL exceedances will provide an "incomplete picture" of the impact of Reliability Standard BAL-001-2 and "disruptions" beyond SOL/IROL violations.[27]

14. Powerex further asserts that expanding the scope of NERC's informational filing is necessary because "transmission providers take proactive steps, including curtailing transmission schedules, to accommodate unscheduled flows well before reaching or exceeding operating limits" triggering SOL/IROL violations.[28] Therefore, Powerex requests that the Commission direct NERC to include in the informational filing details regarding "the extent to which unscheduled flows associated with [ACE] imbalances required curtailment of transmission schedules or other mitigation measures."[29]

III. Discussion

15. The Commission denies Powerex's request for clarification or rehearing of Order No. 810. As discussed below, Powerex has provided insufficient support for its assertion that the implementation of Reliability Standard BAL-001-2 requires additional disclosure and monitoring of ACE imbalances, unscheduled flows and inadvertent interchange beyond what the Commission directed in Order No. 810.

A. Requiring Balancing Authority Disclosure of Clock-Minute ACE Data

16. On rehearing, Powerex asserts that, unless the Commission requires balancing authorities to disclose and publish monthly ACE data, market participants will be unable

---

[25] *Id.* at 7.

[26] *Id.* at 8.

[27] *Id.*

[28] *Id.* at 8-9.

[29] *Id.* at 9.

to identify balancing authorities who may exploit the Balancing Authority ACE Limit in Reliability Standard BAL-001-2 to create persistent imbalances, causing unscheduled flows and inadvertent interchange that will increase transmission curtailments. Powerex argues that this disclosure requirement would constitute a minimal burden, because under Order No. 784 balancing authorities are already required to collect and provide their monthly ACE data to NERC.[30]

Commission Determination

17. We reject Powerex's request that all balancing authorities in the Western Interconnection be required to disclose and publish their monthly clock-minute ACE data to ensure that market participants can monitor the implementation of Reliability Standard BAL-001-2. As explained in Order No. 810, we are not persuaded by Powerex's unsupported assertion that balancing authorities will deliberately exploit the Balancing Authority ACE Limit and reduce their control of imbalances causing unscheduled flows and inadvertent interchange. In Order No. 810, the Commission found no support in the record for Powerex's claim that there is evidence that transmission service was degraded during NERC's field trial due to balancing authorities deliberately reducing control of imbalances, effectively leaning on their systems, with resulting unscheduled flows.[31] In its request, Powerex has not presented any new information warranting additional data disclosures or monitoring beyond those the Commission directed in Order No. 810.

B. Expanding Scope of Informational Filing

18. Powerex supports the Commission's decision to direct NERC to monitor the implementation of Reliability Standard BAL-001-2 and submit an informational filing detailing the impact of the Reliability Standard on unscheduled flows and inadvertent interchange that could cause SOL/IROL exceedances. However, Powerex contends that the scope of the informational filing is too limited, and will provide "an incomplete picture of the extent to which implementation of [Reliability Standard BAL-001-2] has led to an increase in unscheduled power flows, and the disruptions caused by such increase."[32] Powerex argues that, in response to unscheduled flows and inadvertent interchange, transmission providers curtail transmission schedules before SOL/IROL exceedances occur. Therefore, Powerex requests that the Commission "clarify that the informational filing should detail the extent to which unscheduled flows associated with

[30] *Id.* at 7.

[31] Order No. 810, 151 FERC ¶ 61,048 at P 39.

[32] Powerex Request at 8.

[balancing authority] imbalances required curtailment of transmission schedules or other mitigation measures."[33]

Commission Determination

19. We reject Powerex's request to expand the scope of the informational filing directive in Order No. 810 to require NERC to identify unscheduled power flows associated with ACE imbalances that required curtailment of transmission schedules or other mitigation measures. We disagree with Powerex's position regarding the proper scope of the informational filing. We conclude that the matters to be covered by the informational filing are reasonably based on concerns that have a factual basis in the record of this proceeding. Order No. 810 explained that the occurrence of unscheduled flows and inadvertent interchange during NERC's field trial raised concerns about the potential for SOL/IROL exceedances, warranting NERC's continued monitoring and submission of an informational filing 90 days after the end of the two-year period following implementation. In Order No. 810, the Commission determined that, while not conclusive, "the information in the [Field Trial Report] indicates the possibility of a correlation between large ACE swings and unscheduled power flows that warrant further study and analysis."[34] Order No. 810 further required NERC to inform the Commission during the two-year period of any unscheduled flows and inadvertent interchange creating SOL/IROL exceedances, along with mitigation recommendations.[35]

20. In Order No. 810, while expressing concern about the potential reliability risks presented by Reliability Standard BAL-001-2, the Commission also noted Powerex's acknowledgement that the extent to which those risks will actually occur "remains to be seen."[36] Further, the Commission found Powerex's concerns regarding the possible impact of Reliability Standard BAL-001-2 on transmission markets even more remote and speculative, stating that Powerex's claim that balancing authorities deliberately reduced control of imbalances to lean on their systems during NERC's field test, causing unscheduled flows that degraded transmission service, had "no support in the record."[37] Powerex has not presented any new information or arguments to justify its request for clarification or rehearing.

---

[33] *Id.* at 9.

[34] Order No. 810, 151 FERC ¶ 61,048 at P 37.

[35] *Id.* P 38.

[36] *Id.* P 41 (quoting Powerex Comments at 20).

[37] *Id.* P 39.

The Commission orders:

The Commission hereby denies Powerex's request, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.