

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

**Electric Reliability Organization )  
Interpretation of Specific Requirements )  
of the Disturbance Control Performance )  
Standard )**

**Docket Nos. RM13-6-000**

**COMMENTS OF THE  
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

**To the Commission:**

Pursuant to the Federal Energy Regulatory Commission's (FERC or Commission) Notice of Proposed Rulemaking issued on May 16, 2013 in the above captioned docket,<sup>1</sup> the National Rural Electric Cooperative Association (NRECA) respectfully submits its comments in support of a proposed interpretation of BAL-002-1, Disturbance Control Performance, Requirements R4 and R5 filed by the North American Electric Reliability Corporation (NERC). The NOPR proposes to reject and remand the proposed interpretation because it changes the requirements of the Reliability Standard, thereby exceeding the permissible scope for interpretations. NRECA urges the Commission to reconsider its course of action and instead, accept the interpretation as filed.

In support of its comments, NRECA states as follows:

**I. INTRODUCTION AND OVERVIEW**

NRECA is the national service organization dedicated to representing the national interests of cooperative electric utilities and the consumers they serve. NRECA represents more than 900 not-for-profit rural electric utilities that provide electric energy to approximately 42 million consumers in 47 states or 12 percent of electric customers.

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<sup>1</sup> *Electric Reliability Organization Interpretation of Specific Requirements of the Disturbance Control Performance Standard*, 143 FERC ¶ 61,138 (2013)(“NOPR”).

Kilowatt-hour sales by rural electric cooperatives account for approximately 11 percent of all electric energy sold in the United States. NRECA members generate approximately 50 percent of the electric energy they sell and purchase the remaining 50 percent from non-NRECA members. The vast majority of NRECA members are not-for-profit, consumer-owned cooperatives. NRECA's members also include approximately 67 generation and transmission (G&T) cooperatives, which generate and transmit power to 668 of the 838 distribution cooperatives. The G&Ts are owned by the distribution cooperatives they serve. Remaining distribution cooperatives receive power directly from other generation sources within the electric utility sector. Both distribution and G&T cooperatives were formed to provide reliable electric service to their owner-members at the lowest reasonable cost.

On February 12, 2013, NERC filed a petition seeking approval of the proposed interpretation of BAL-002-1 (NERC Petition). As the Commission explains, the interpretation was developed in response to an interpretation request submitted on September 2, 2009 by the Northwest Power Pool (NWPP) Reserve Sharing Group. The interpretation was developed and subsequently approved by a 90.34 percent vote of a drafting team commissioned by the NERC Standards Committee, and subsequently by the NERC Board of Trustees. On May 16, 2013, the Commission issued the instant NOPR.

## II. COMMENTS

NRECA appreciates this opportunity to comment on NERC's proposed interpretation and urges the Commission to accept, not reject, the NERC Petition as filed. Specifically, NRECA agrees with NERC's explanation that the interpretation provides necessary clarifications to the BAL-002-1 Reliability Standard and prevents unwanted and potentially detrimental impacts to the Bulk Electric System. The interpretation makes clear, for example, that simultaneous contingencies (multiple contingencies occurring within one minute of each other) will be considered as a single contingency, and "if the combined magnitude of the multiple Contingencies exceeds the Most Severe Single Contingency, the loss shall be reported, but excluded from compliance evaluation."<sup>2</sup> The interpretation also explains that "[i]f a Balancing Authority were to experience a Disturbance five times greater than its most severe single Contingency, it would be required to report this Disturbance, but would not be required to recover ACE within 15 minutes following a Disturbance of this magnitude."<sup>3</sup>

The comments of NERC in response to the NOPR, submitted contemporaneous with NRECA comments,<sup>4</sup> highlight the historical, practical and legal grounds to accept the interpretation. NERC explains why the interpretation is a logical continuation of the practice of the industry with respect to disturbance control and gives effect to the plain meaning of all the terms of BAL-002. NERC notes that the Commission's reading of BAL-002's requirements would materially alter the common understanding of the standard. The evolution of the Reliability Standard, as explained through the *NERC*

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<sup>2</sup> NERC Petition at 16.

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

<sup>4</sup> "Comments of the North American Electric Reliability Corporation in Response to Notice of Proposed Rulemaking," Docket No. RM13-6-000 (July 8, 2013).

*Performance Standards Reference Document* and the Version 0 - Operating Policy 1— Generation Control and Performance standard, and as detailed by NERC, confirm this to be the case.

NRECA believes the clarity set out in the interpretation appropriately guides Registered Entities' response to contingencies within their systems. The consequence of leaving the Reliability Standard ambiguous is an adverse impact to the reliability of the Bulk Electric System; as NERC notes, Registered Entities might elect to shed load simply to avoid possible violations of BAL-002 or they may take other extreme actions where no such actions are required. Furthermore, as NERC's comments detail, the interpretation is the common and historical understanding of the Reliability Standard and the former NERC policy that was used to develop the standard. NERC notes that an revised application of BAL-002 may also have other significant financial and operational impacts on all Balancing Authorities and Reserve Sharing Groups.

As a final matter, NRECA concurs with NERC's assessment of the statutory framework of Section 215 of the Federal Power Act, and the request that deference be given to this interpretation. The Commission should not substitute its judgment regarding the BAL-002 Reliability Standard for that of NERC, and do so in a manner that is inconsistent with NERC's ANSI accreditation.

NRECA and its members' primary concern is maintaining reliability while serving their consumer loads efficiently and cost-effectively. The approved NERC BAL-002 interpretation advances those goals, and accordingly should be accepted.

### III. CONCLUSION

WHEREFORE, NRECA respectfully requests that the Commission accept the NERC Petition containing the interpretation of BAL-002-1 without modification, as promptly as possible.

Respectfully Submitted,

NATIONAL RURAL ELECTRIC  
COOPERATIVE ASSOCIATION

*/s/ Richard Meyer*

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