The RFC Operating Reserves Standard Drafting Team ("ORSDT") would appreciate your input on the draft Operating Reserves Standard RFC OPR-001-1 by filling out the attached comment form. Modifications to the current RFC OPR-001-0 were based upon the direction given to the ORSDT in the Operating Reserves SAR and a request for interpretation prepared by the RFC Day Two Standards Team.

The following describes some of the revisions made:

1) RFC OPR-001-0 currently states: “R1 Each Balancing Authority shall schedule sufficient Regulating Reserve for each hour of the next day for its Balancing Authority Area within RFC so that the hourly minimum value shall not be less than 1% of its forecasted load for the peak hour of the next day.”

As compliance to the NERC Control Performance Standards requires a Balancing Authority ("BA") to carry sufficient real-time regulation resources to meet CPS1 and CPS2, the ORSDT believes that the intent of R1 was to establish a day-ahead requirement for Regulating Reserve so that the BA would be responsible in its next-day planning to set aside sufficient resources to meet its Operating Reserves requirements including Regulating Reserve not less than 1% of its forecasted load for the peak hour of the next day. The ORSDT modified the Standard to clarify that R1 is a day-ahead requirement for the peak hour of the next operating day.

2) RFC OPR-001-0 currently states: “R1.1 Regulating Reserves shall be made up of not less than 75% Spinning Reserves and the remainder may be made up of qualified demand side resources if applicable, otherwise Regulating Reserves shall be 100 % Spinning Reserves.”

It was not clear whether resources such as pumped-storage could be included as a demand side resource toward meeting the Regulating Reserve requirement. In general, the standard separated demand side resources from spinning reserves without a basis for the differentiation. The ORSDT reviewed the definitions within the NERC Operating Manual and adopted the NERC definition of Regulating Reserves as it applies to this Standard and the standard has been modified to remove references to “spinning reserves”.

3) RFC OPR-001-0 currently states:

“R2 The Total RFC Contingency Reserve Requirement shall not be less than 150% of the largest contingency within RFC plus the sum of the Frequency Bias response for an offset of 0.1 Hz for all the BAs within RFC.”

“R3.1 Each BA’s minimum Contingency Reserve Requirement shall be its Proportional Share of the daily RFC Contingency Reserve Requirement. The Proportional Share shall be the daily RFC Contingency Reserve Requirement multiplied by the BA’s prior year annual peak load then divided by the sum of the prior year non-coincident BA annual peak loads in RFC.”
NERC requires all BAs to maintain a minimum of 1% of their respective projected peak loads as Frequency Bias; however, if a BA’s calculated average response is greater than 1%, then the BA is responsible for submitting the appropriate Frequency Bias value to NERC. The current reserve allocation methodology enables a BA to submit a bias greater than the minimum 1% requirement and have the other BAs within ReliabilityFirst carry a Proportional Share of that increase in their Contingency Reserve requirement.

The SAR directed the ORSDT to define the intent of any use of frequency bias in the calculation of the contingency reserve requirement and the use of the BA load in the allocation of the reserve requirements. After discussion on this issue and review of BAL-002, the ORSDT removed the use of frequency bias in the determination of the Contingency Reserve requirement.

4) RFC OPR-001-0 currently states:

“R3.2 Each BA’s Contingency Reserves must be made up of at least 45% Spinning Reserves. The remainder may be made up of Non-Spinning Reserve plus qualified demand side resources plus interconnection purchases that can be loaded within ten minutes plus recallable sales that can be loaded within ten minutes.”

The SAR and request for interpretation indicated that the standard should address the applicability of loads, purchases and sales from various resources toward meeting the Contingency Reserve requirements. The ORSDT has adopted the NERC definitions of Operating Reserves – Spinning and Operating Reserves – Supplemental as they apply to resources considered toward meeting the Contingency Reserve requirement. In addition, the ORSDT could not find a basis for defining what percentage of Contingency Reserves should be provided by Operating Reserves – Spinning, and have proposed using 50% in the draft standard.

5) The SAR requested that the ORSDT address the allocation of Contingency Reserves. The ORSDT modified the Standard such that each Balancing Authority or Reserve Sharing Group is responsible for its own Contingency Reserves as required under BAL-002.

6) The SAR stated that the ORSDT should consider the use of interchange transactions to meet the requirements from Contingency (Spinning and Non-Spinning) Reserves both within and from outside the ReliabilityFirst footprint and the obligations of both sink and source to ensure regional reliability. By adopting the definition of Operating Reserves – Spinning and Operating Reserves – Supplemental, the ORSDT believes that any resources meeting those definitions may qualify toward Contingency Reserves.

7) The SAR stated that the ORSDT should consider that the current Standard does not place any requirements on callable purchases or recallable sales to ensure that Contingency Reserves are held by the source, sink, or other Balancing Authority to cover the transaction implementation or curtailment. In reviewing this, the ORSDT believes R2.3 already addresses this concern by defining the responsibility of the BA to ensure that resources are not counted more than once as Contingency Reserve by multiple Balancing Authorities or Reserve Sharing Groups.

8) The SAR indicated that the ORSDT should ensure that the resources considered toward meeting the Operating Reserve requirements are consistently handled throughout RFC and consider market operations in the corporate region. The modifications made throughout this Standard utilizing the NERC definitions provide consistent application within the corporate region.

The ORSDT appreciates your time and attention to our request for comments.

Sincerely,

Doug Hils
Chair, Operating Reserves Standard Drafting Team