

## Comment Form — 1st Posting of the draft 'Coordinate Interchange' Standard

*Note – This form is to be used to comment on version 1 of the Coordinate Interchange Standard.*

*Comments will be accepted from December 15, 2003 — February 12, 2004.*

***Please review the draft standard and answer the questions in the yellow boxes. Send completed comment forms to [sarcomm@nerc.com](mailto:sarcomm@nerc.com)***

*If you have questions, please call Tim Gallagher at 609-452-8060 or send a question to [tim.gallagher@nerc.net](mailto:tim.gallagher@nerc.net)*

### **SAR Commenter Information (For comment from individual entities) February 12, 2004**

Name	Theodore G. Pappas
Organization (NYSRC)	New York State Reliability Council
Industry Segment # 2	
Telephone	516.545.4011
E-mail	<a href="mailto:tpappas@keyspanenergy.com">tpappas@keyspanenergy.com</a>

### **Key to Industry Segment #'s:**

- 1 – Trans. Owners
- 2 – RTO's, ISO's, RRC's
- 3 – LSE's
- 4 – TDU's
- 5 - Generators
- 6 - Brokers, Aggregators, and Marketers
- 7 - Large Electricity End Users
- 8 - Small Electricity Users
- 9 - Federal, State, and Provincial Regulatory or other Govt. Entities



1. The drafting team carefully reviewed the SAR associated with this standard and believes that all the listed requirements have been met in the four requirements included in the standard (see CI Standard Reference Document, Appendix A). Do you agree?

Yes

No

Comments: *We feel there should be more detail written into the actual Standard, as opposed to relying on the Reference Document. One area that we feel that is weak in the Standard is the requirements made of the PSE. As written, the PSE is not specified by name anywhere in the Standard. The SAR references "when an entity desires to transfer energy..." one would assume this to be the PSE and the Reference Document points to 402 in the Standard to cover this requirement, yet 402 references the IA only.*

*The condensed format and transition from 12 sub-items of the SAR to 4 sub-standards/requirements is a good step.*

2. NERC Regions have the right to ask for Regional differences for inclusion in NERC standards. ERCOT has asked for the following Regional Difference that would be applied on an Interconnection-wide basis.

*This requirement does not apply in the ERCOT Region because ERCOT operates as a single Balancing Authority, asynchronous to the Eastern and Western Interconnections. This difference shall be applied on an Interconnection-wide basis in ERCOT.*

**The following text explains how Regional Differences that would be applied on an Interconnection-wide basis must be treated:**

"Proposals for Regional Standards or Regional Differences that are intended to apply on an **Interconnection-wide basis** shall be presumed to be valid and included in a NERC Reliability Standard unless there is a clear demonstration within the NERC standards process that the proposed Regional Standard or Regional Difference:

- Was not developed in a fair and open process that provided an opportunity for all interested parties to participate;
- Would have a significant adverse impact on reliability or commerce in other Interconnections;
- Fails to provide a level of reliability of the bulk electric system within the Interconnection such that the Regional Standard would be likely to cause a serious and substantial threat to public health, safety, welfare, or national security; or
- Would create a serious and substantial burden on competitive markets within the Interconnection that is not necessary for reliability."

Can you identify any reason why ERCOT's request for an Interconnection-wide Regional Difference should be denied?

Yes (Please state your reason for not supporting the ERCOT difference)

No

Comments: *We understand that ERCOT does not operate any synchronous ties with either the Eastern or Western Interconnections, however, we are concerned how transfers over DC ties will be coordinated even when they are modeled as a generator or load and not*

***in the ACE equation. Effectively, this is still inter-Area interchange that needs to be reliably coordinated. If not the Coordinate Interchange Standard, what Standard will assure this? The definition of interchange is "Energy transfers that cross Balancing Authority boundaries", which does not differentiate between AC and DC ties. It would seem that this Regional Difference request is not appropriate, and all DC inter-Area ties should fall under this Standard regardless of how an Area models them.***

**3. Are you aware of any other Regional differences that should be included in this standard?**

Yes

No

Comments: The NYSRC Reliability Rules are not inconsistent with or less stringent than the proposed NERC Standard, and the NYSRC has elected not to propose that NYSRC Reliability Rules be made part of this Reliability Standard.

**4. Do you agree with the "sanction" philosophy in this standard of using percentages rather than absolute counts to determine levels of compliance? The proposed sanction philosophy is that a small entity that has a problem with 2 of 10 possible items will be treated the same as a large entity that has a problem with 20 of 100 possible items.**

Yes

No

Comments: ***In this way, it would be considered as a more fair process. Please also see our statement in Comment Form Question #23 response regarding our continued opposition to monetary sanctions.***

**5. This standard does not dictate a specific deadline (i.e. timing) for requesting, approving, or implementing interchange as is currently required in the E-Tag Standards and Communication Protocols, rather it leaves timing up to the parties involved in the Interchange. Do you agree with this approach? (Please see the CI Standard Reference Document as it explains this philosophy).**

Yes

No

Comments: ***We don't believe setting standard timing is a practical expectation. This could have Market implications and potentially restrict flexibility for two adjacent Markets to agree to a more conducive timing schedule.***

6. Definitions of key terms used in the standard are attached to the standard. Please offer any suggested improvements to these definitions in the space below. (Please see the CI Standard Reference Document as it explains this philosophy).

**Interchange:** Energy transfers that cross Balancing Authority boundaries.

**Arranged Interchange:** The state where all arrangements necessary to submit the interchange request to the Interchange Authority have been made.

**Confirmed Interchange:** The state where the Interchange Authority has verified the Arranged Interchange and is ready to submit it to the Balancing Authorities.

**Implemented Interchange:** The state where the Balancing Authority enters the Confirmed Interchange into its area control error equation.

Interchange: *The New York State Reliability Council (NYSRC) agrees with the definition above.*

Arranged Interchange: *The NYSRC agrees with the definition above.*

Confirmed Interchange: *The NYSRC suggests the following wording: "The state where the Interchange Authority has verified the Arranged Interchange and is ready to submit it to all Balancing Authorities including intermediate BAs."*

Implemented Interchange: *The NYSRC suggests the following wording: "The state where the Balancing Authority utilizes the Confirmed Interchange in its hourly dispatch."*

7. Do you agree with the proposed requirements and measurements in section 401?

Yes

No

Comments: *Consistency with our position that DC Inter Area Ties should be treated as Interchange. Measurements – b.1 "Evidence must include all the transactions not just those in the ACE equation..." (include all DC tie flows).*

8. Do you agree with the proposed compliance monitoring process in section 401?

Yes

No

Comments: *Although NYSRC feels audits are desirable for demonstrating compliance, we are concerned that the potential exists for excessive audits.*

**9. Do you agree with the proposed levels of noncompliance in section 401?**

- Yes  
 No

Comments: *For the purposes of bringing more clarity, we propose that, as per "requirements" and "measurements" of standard 401, the wordings within section (e) Levels 1-3 of non-compliance should be changed to ".....confirm that implemented Interchange matches corresponding "Confirmed Interchange submitted by the Interchange Authority".*

**10. Do you agree with the proposed requirements and measurements in section 402?**

- Yes  
 No

Comments: *The NYSRC suggests the following wording in (b) vii: "Each Reliability Authority, Balancing Area, and Transmission Service Provider has been notified and provided approval or denial."*

**11. Do you agree with the proposed compliance monitoring process in section 402?**

- Yes  
 No

Comments: *Although the NYSRC feels audits are desirable for demonstrating compliance, we have concerns that the potential exists for excessive audits.*

**12. Do you agree with the proposed levels of noncompliance in section 402?**

- Yes  
 No

Comments:

**13. Do you agree with the proposed requirements and measurements in section 403?**

Yes

No

Comments:

**14. Do you agree with the proposed compliance monitoring process in section 403?**

Yes

No

Comments:

**15. Do you agree with the proposed levels of noncompliance in section 403?**

Yes

No

Comments:

**16. Do you agree with the proposed requirements and measurements in section 404?**

Yes

No

Comments:

**17. Do you agree with the proposed compliance monitoring process in section 404?**

Yes

No

Comments:

**18. Do you agree with the proposed levels of noncompliance in section 404?**

Yes

No

Comments:

**19. Do you agree with the concept that Implemented Interchange requires equal and opposite use by two BA's in their ACE equations and that losses will be handled as just another type of Interchange when being settled as energy exchange? (Please see the CI Standard Reference Document as it explains this philosophy).**

Yes

No

Comments: *The issue of losses may appropriately be handled by mutual agreements or methodologies established between the BA's and the IA's.*

**20. Do you agree that dynamic schedules would be covered by this standard as just another type of bilateral interchange? (Please see the CI Standard Reference Document as it explains this philosophy).**

Yes

No

Comments:

**21. Does the standard adequately address the reliability requirements for implementing changes to the parameters of an already Implemented Interchange? For instance, if an emergency occurs, is the coordination defined by the requirements sufficient to ensure reliability is maintained or are additional coordination requirements needed? If so, please explain.**

Yes

No

Comments: ***Standardized coordination modes and/or guidelines need to be defined or referred to within the standards to adequately address the reliability requirements.***

***The NYSRC feels more clarity is needed in defining what the Emergency procedures are in the Standard. Again, the Reference Document seems to hold these important details, yet they are not clearly a part of the Standard.***

***Perhaps this needs to be addressed and coordinated with Standard 1000, "Prepare for and Respond to Abnormal and Emergency Conditions".***

**22. This standard does not require that Balancing Authorities and Purchasing/Selling Entities acknowledge the receipt of Confirmed Interchange from the Interchange Authority. Should such a requirement be included? If so, why?**

Yes

No

Comments: ***We understand this has been omitted due to its redundancy, however, the Standard should clarify this and why.***

**23. Please provide other comments on the standard that you haven't provided in response to the previous questions in this document.**

Comments:

1. The NYSRC is opposed to monetary sanctions as the only option for dealing with noncompliance as applied in this and other proposed NERC Standards. Unfortunately, direct monetary sanctions invite "gaming the system", and encourage "business" decisions based on potential profits or savings versus potential penalties. Instead of monetary sanctions, the NYSRC prefers that NERC have the authority to issue letters of increasing degrees of severity to communicate noncompliance of mandatory standards. The NYSRC and NPCC now rely on a more stringent and mandatory process than monetary sanctions to assure compliance with reliability standards. Compliance is now mandatory through the contractual agreements and tariffs that all participants need in order to conduct business. The use by the NYSRC and NPCC of letters to regulatory agencies and other oversight bodies for reporting noncompliance has demonstrated that letter sanctions are a more effective tool for ensuring adherence to standards. Such letters establish the basis for liability in the event of a subsequent criterion violation, and in the case of market participant noncompliance, threaten the violator's ability to do business with or through an ISO or RTO. Moreover, letters that communicate noncompliance best allow focus on the "root cause" of a violation, as well as its reliability impact.

Therefore, the NYSRC recommends that this and other NERC Standards expressly provide that letter sanctions be used in addition to or instead of monetary sanctions under circumstances in which they would be an equally or more effective enforcement mechanism.

**2. The NYSRC recommends a more logical order to the Standard (i.e., chronological sequence); “Implementation of Interchange” should be last, not first.**

**3. The NYSRC does not feel multiple IA’s within a RA is a workable solution; furthermore, we feel that there may be a need for an interconnection-wide IA for oversight.**

**4. Effective Period – “The effective date upon the approval of the NERC Board of Trustees” is not a practical implementation. There needs to have a reasonable transition period built in to allow Areas to make any necessary changes to achieve compliance.**

**5. We believe all requirements must be documented and detailed in the Standard itself, not in the Reference Document. Any Reference Documents associated with a Standard should be used strictly as a training tool; the Standard should be a “stand-alone” document and be self-explanatory.**