



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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Home Page: www.naesb.org

August 20, 2004

TO: NAESB Executive Committee Members, Alternates and Posting for Interested Parties
FROM: Rae McQuade, NAESB Executive Director
RE: Supplemental Materials for the Executive committee Meetings – August 24-26, 2004

Dear Executive Committee members and Alternates,

Several supplemental materials were received for the upcoming EC meetings in Colorado Springs. Those documents are:

WEQ: Updated Chart of Version 0 Business Practices
Request from the SRS to assign R03017 to the WEQ BPS to prepare the recommendation
WGQ Comments from COPAS on the Producer Imbalance Statement
Comments from ExxonMobil on the Producer Imbalance Statement
Retail: Original letter on formatting model business practices (a follow-up letter is contained in the EC book)
All: Meeting Materials Cross Reference to the Agenda

I look forward to seeing you or hearing from you in Colorado Springs.

Best Regards,

Rae McQuade

Rae McQuade

Executive Director, North American Energy Standards Board

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WHOLESALE ELECTRIC QUADRANT (WEQ) -- Tuesday August 24 – 10:00 am to 4:00 pm

Agenda Item	Agenda Description	Tab	Pages	Documents	Action/Notes
1	Welcome	1			
	• Antitrust Guidelines	1	6	Antitrust Statement	Given by counsel – Todd Oncken
	• Welcome to members and attendees	1	8-17	List of EC members	For review and information.
	• Introduction and Roll Call			List of EC Alternates	
		1	19	List of 2004 Meetings	For review and information.
2	WEQ Draft Agenda and Minutes	2	21-24	WEQ Agenda	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
	• Adoption of WEQ Agenda				
	• Adoption of Draft Minutes	3	26-33	WEQ Minutes – 5/4/04	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
3	Subcommittee Updates				
	• Triage Subcommittee	4	49-59	Triage Report and Results	Covers R04013 to R04020. R04013, R04016 and R04020 were assigned to WEQ in all or in part.
	• Business Practices Subcommittee	9	87-92	IIPTF Draft Inadvertent Interchange Settlement Standard	Review by John Powers and Phil Cox. No action needed.
	Inadvertent Interchange Payback Task Force				
	• Electronic Scheduling and Information Technology				
	Coordinate Interchange Business Practices Task Force	9	176-177	Recommended Changes to CIBP Standard	Draft changes to version 1 CIBP to comply with Version 0 CIBP. To be covered by Roman Carter and no action is required.
	OASIS Baseline Standard ratified on April 8, 2004	9	106-175	Modifications to OASIS Business Practices	A draft recommendation to be sent out for comment, to be covered by Joel Dison, Andy Rodriguez or Paul Sorenson. No action required.
	OASIS IA Task Force	9	178-185	Multiple Submissions of Identical Transmission Requests/Queuing Issues	A draft recommendation still in development, to be covered by Joel Dison, Bob Harshbarger, J T Wood or Paul Sorenson. No

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Agenda Item	Agenda Description	Tab	Pages	Documents	Action/Notes
					action required.
		9	186-193	Redirect of Transmission Service	A draft recommendation still in development, to be covered by Joel Dison, Bob Harshbarger, J T Wood or Paul Sorenson. No action required.
		9	194-213	Sale or Assignment of Transmission Service	A draft recommendation still in development, to be covered by Joel Dison, Bob Harshbarger, J T Wood or Paul Sorenson. No action required.
	OASIS II Task Force	9	93-98	Scope document	Adopted by the subcommittee and to be reviewed by Andy Rodriquez, Jagjit Singh, Paul Sorenson and Joel Dison. No action required.
		9	99-105	Vision document	Also adopted by subcommittee and to be reviewed by Andy Rodriquez, Jagjit Singh, Paul Sorenson and Joel Dison. No action required.
	• Glossary	9	226-227	Request for comments on glossary to be sent in by August 30.	Sherri Monteith and Tony Reed will cover the request for comment and the upcoming conference call on September 9.
	• Standards Review	9	214-218	Scope document for (R03017) Operate Within Interconnection Reliability Operating Limits	ACTION REQUIRED. SRS is asking that this be assigned to the Business Practices. The request is also included in the supplemental materials. Raj Rana can review the progress made to date.
		9	219-225	Draft SRS Minutes – June 24, 2004	For reference only.
	• Seams	9	228-236	Presentation on Seams Effort to date	To be addressed by Steve Cobb. No action required.
		9	237-239	Draft Request – Transmission Market Definitions and Priorities	To be addressed by Steve Cobb – draft request, still in progress, as an outgrowth of the Seams effort. No action required.
		9	240-243	Draft Request – Energy Product Definitions	To be addressed by Steve Cobb – draft request, still in progress, as an outgrowth of the Seams effort. No action required.
	• Gas Electric Coordination Task Force	5	60-66	Draft Final Report to the FERC on GECTF Work	To be addressed by Lou Oberski. This is out for comment, and the EC will vote on it in a conference call on August 31. No action required.
	• Proposed Changes to the 2004 Annual Plan	8	79-85	WEQ Annual Plan for 2004	ACTION REQUIRED. Any proposed changes to the annual plan should be identified. Lou Oberski will lead the discussion.

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WHOLESALE ELECTRIC QUADRANT (WEQ) -- Tuesday August 24 – 10:00 am to 4:00 pm

Agenda Item	Agenda Description	Tab	Pages	Documents	Action/Notes
4	Level 0 Standards Development Progress Report and Review of Meetings	10	244-249	Presentation	To be reviewed by Joel Dison. No action required.
		10	250-263	Changes to be Made to create Version 0 Business Practices	To be reviewed by Joel Dison. No action required. A more updated chart is available in the supplemental materials.
		10	264-271	Timeline of Events	To be reviewed by Joel Dison. No action required.
5	Standards Numbering	11	272-274	Standard Numbering Proposal	To be reviewed by Joel Dison. ACTION MAY BE REQUIRED. A proposal for standards numbering is presented for review and consideration.
6	Codes – DUNs Number Usage Discussion	7	77-78	DUNs Number procedures and issues	To be presented by Rae McQuade. Several issues have recently come to light regarding the use of DUNs Numbers. For information and discussion at this time. No action required,
7	New Business			No documents	Review of election procedures for 2005 by Lou Oberski and Rae McQuade.
	<ul style="list-style-type: none"> Procedures for Elections for 2005 				
8	Adjourn				

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JOINT SESSION OF RETAIL GAS AND ELECTRIC QUADRANTS -- Wednesday August 25, 10:00 am to 4:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
1	Welcome	1			
	• Antitrust Guidelines	1	6	Antitrust Statement	Given by counsel – Jim Cargas
	• Welcome to members and attendees	1	8-17	List of EC members	For review and information.
	• Introduction and Roll Call			List of EC Alternates	
		1	19	List of 2004 Meetings	For review and information.
2	Retail Draft Agenda and Minutes	2	23	Retail Joint Quadrant Agenda	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
	• Adoption of WEQ Agenda				
	• Adoption of Draft Minutes	3	34-42	Retail Joint Quadrant Minutes – 5/5/04	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
3	Subcommittee Updates				
	• Triage Subcommittee	4	49-59	Triage Report and Results	Covers R04013 to R04020. R04017 was assigned to the retail quadrants in all or in part. No action required.
	• Customer Processes	13	283-322	Draft recommendation for the outline for a Model Billing Services Agreement	R Alston will cover the progress made in the subcommittee including the efforts to draft model billing services agreement. No action is required of the EC.
		13	323-325	Draft Business Process and Practices for Customer Information	R. Alston will review the progress made to date to develop business practices for customer information. No action is required of the EC.
	• Supplier Utility Interface	13	327-328	Letter from b Newbold re 2004 Annual Plan Item # 8.	B Newbold will address this item – it requests a change to the retail annual plans. ACTION REQUIRED.
		13	329-334	Draft Dispute Resolution Model Business Practices	B Newbold will address the progress to date on developing the draft dispute resolution model business practices. No action is required of the EC.

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JOINT SESSION OF RETAIL GAS AND ELECTRIC QUADRANTS -- Wednesday August 25, 10:00 am to 4:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
		13	335-342	Distribution Company-Supplier Service Agreement Outline	B Newbold will address the progress to date on developing the draft dispute resolution model business practices. No action is required of the EC.
		13	343-351	Revision to MBP Formatting Proposal	B Newbold and R Alston will address the request to modify the formatting of retail model business practices. The original letter is found in the supplemental materials. ACTION IS REQUIRED OF THE EC.
	• Technical Electronic Implementation	13	352-362	Initial Survey Results	G Behr and M Jarrett will review the initial summary of the EDM survey recent undertaken. No action is required.
		13	363-370	Data Dictionary Bill Ready and Rate Ready	G Behr and M Jarrett will review the progress made to date on creating this dictionary. No action is required.
		13	371-402	Draft Version 1 Quadrant Specific EDM Manual	G Behr and M Jarrett will review the progress made to date on creating this manual. No action is required.
		13	403-409	ERCOT Transaction Services NAESB Request Receipt ID	G Behr and M Jarrett will review the progress made to date on creating this manual. No action is required.
	• Glossary	13	410-411	Process for adopting and ratifying Definitions	Patrick Eynon will cover this effort and the progress made to date by the Glossary Subcommittee, including the adoption of this schema for its own process. No action is required.
	• Gas Electric Coordination Task Force	5	60-66	Draft Final Report to the FERC on GECTF Work	To be addressed by Ruth Kiselewich and Suzanne Calcagno. This is out for comment, and the EC will vote on it in a conference call on August 31. No action required.
	• Proposed Changes to the 2004 Annual Plans	12	275-281	Retail Gas and Retail electric 2004 Annual Plans	ACTION REQUIRED. Any proposed changes to the annual plans should be identified. Ruth Kiselewich and Mike Novak will lead the discussion.
4	WGQ Gas Quality Reporting Update	6	67-78	Draft Proposed Standards currently out for comment – due 9-13-04	Mike Novak will cover the progress made to date on gas quality reporting. A recommendation is out for comment, to be considered by the WGQ EC on 9-16-04.
5	Proposed Standards:	14	414-468	Recommendations for both REQ and RGQ Market Participant Interactions and Non-Disclosure Agreement. The recommendations are identical.	The REQ and RGQ SUIS subcommittees have completed a recommendation for the Market Participant Interactions model business practices and an accompanying appendix containing an Outline for a Non-Disclosure agreement.
	• Market Participants Interactions				
	• Non Disclosure Agreement				

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JOINT SESSION OF RETAIL GAS AND ELECTRIC QUADRANTS -- Wednesday August 25, 10:00 am to 4:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
					Comments were due August 2. No comments were submitted. EC ACTION IS REQUIRED to approve these MBPs and Appendix. It requires a super majority vote.
6	Codes – DUNs Number Usage	7	77-78	DUNs Number procedures and issues	To be presented by Rae McQuade. Several issues have recently come to light regarding the use of DUNs Numbers. For information and discussion at this time. No action required.
7	Massachusetts EBT Group Activities			No information provided in materials.	Rae McQuade and others will update the group on recent MA EBT activities. No action required.
8	REQ Procedures Proposed Amendments Discussion, Drafting of Resolution, Vote to send Resolution out for Retail Electric Quadrant Membership Comment	15	470-485	Draft REQ Procedures	Ruth Kiselewich and others will review the proposed changes to the quadrant procedures. One set of comments was received and is included. The REQ members present are asked to review this document and craft a motion to adopt the procedures, which will then be sent out for comment through September 9. ACTION REQUIRED.
		15	487-503	Comments provided by Detroit Edison	B Newbold will review his comments to the procedures, which will be considered as the REQ members draft the motion so noted above. ACTION REQUIRED.
9	New Business			No documents	Review of election procedures for 2005 by Lou Oberski and Rae McQuade.
	• Procedures for Elections for 2005				
10	Adjourn				

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WHOLESALE GAS QUADRANT (WGQ) -- Thursday August 26 – 9:00 am to 3:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
1	Welcome	1			
	• Antitrust Guidelines	1	6	Antitrust Statement	Given by counsel – Jim Cargas
	• Welcome to members and attendees	1	8-17	List of EC members	For review and information.
	• Introduction and Roll Call			List of EC Alternates	
		1	19	List of 2004 Meetings	For review and information.
2	Retail Draft Agenda and Minutes	2	24	WGQ EC Agenda	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
	• Adoption of WEQ Agenda				
	• Adoption of Draft Minutes	3	43-48	WGQ EC Minutes – 5/6/04	ACTION REQUIRED. Discuss and adopt. Simple Majority vote of EC members.
3	Subcommittee and Task Force Updates and Review of 2004 Annual Plan				
	• Triage Subcommittee	4	49-59	Triage Report and Results	Covers R04013 to R04020. R04014, R04016, R04017, R04018 and R04019 were assigned to the WGQ in all or in part. No action required.
	• Business Practices	17	508-509	Draft Agenda for WGQ BPS Meeting, 9-1-04 to 9-2-04	K Van Pelt will address the progress made to date from the BPS. No action required.
	• Contracts	17	536-541	Draft Meeting Minutes from July 12, 2004	K Sappenfield, C Corcoran and S Calcagno will review the progress made to date with the Contracts subcommittee. The last set of minutes is provided as reference. No action required.
	• Electronic Delivery Mechanism	17	533-535	Draft Meeting Minutes from August 12, 2004	C Burden and L Spangler will review the progress made to date with the EDM subcommittee. The last set of minutes is provided as reference. No action required.

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WHOLESALE GAS QUADRANT (WGQ) -- Thursday August 26 – 9:00 am to 3:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
	<ul style="list-style-type: none"> • Information Requirements 	17	510-514 515-532	R98037 Work Paper R99033 Work Paper	Dale Davis will address the progress made to date by the IR subcommittee including the progress made on the two work papers referenced. No action required.
	<ul style="list-style-type: none"> • Technical and ANSI X12 			No materials provided	K Van Pelt will preview the progress of the subcommittees to date. No action required.
	<ul style="list-style-type: none"> • Interpretations 			No materials provided	P Love will preview the progress of the subcommittee to date. No action required.
	<ul style="list-style-type: none"> • Gas & Electric Coordination 	5	60-66	Draft Final Report to the FERC on GECTF Work	To be addressed by D McVicker. This is out for comment, and the EC will vote on it in a conference call on August 31. No action required.
	<ul style="list-style-type: none"> • Proposed Changes to the 2004 Annual Plan 	16	505-506	WGQ 2004 Annual Plan	ACTION REQUIRED. Any proposed changes to the annual plans should be identified. Jim Buccigross will lead the discussion.
4	Producer Imbalance Statement (R96056) Proposed Standards – Discussion & Vote	18	544-635	Recommendation for the producer imbalance statement (R96056)	The WGQ subcommittees prepared the recommendation that was out for comment, with comments due August 23. Comments have been received from Exxon and COPAS. EC ACTION IS REQUIRED to approve these standards. It requires a super majority vote.
5	Minor Correction(s) Discussion and Vote	19	638	Minor Correction – for the transaction status code data element in the code values dictionary of the NAESB WGQ Standard 1.4.2	Kim Van Pelt will present this minor correction. EC ACTION IS REQUIRED to approve these standards. It requires a super majority vote.
		19	639	Minor Correction – remove the table of code values for the bidder affiliate from the NAESB WGQ Standard 5.4.13	Dale Davis will present this minor correction. EC ACTION IS REQUIRED to approve these standards. It requires a super majority vote.
		19	640-687	Provided in Error – please disregard	Provided in Error – please disregard
		19	688-690	Minor Correction Procedures	These procedures are provided as a reference for the treatment of minor corrections.
6	Common Codes – DUNS Number Usage Discussion	7	77-78	DUNs Number procedures and issues	To be presented by Rae McQuade and Paul Love. Several issues have recently come to light regarding the use of DUNs Numbers. For information and discussion at this time. No action required.

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WHOLESALE GAS QUADRANT (WGQ) -- Thursday August 26 – 9:00 am to 3:00 pm

Agenda Item	Description	Tab	Pages	Document	Action
7	New Business <ul style="list-style-type: none">Procedures for Elections for 2005			No documents	Review of election procedures for 2005 by Lou Oberski and Rae McQuade.
8	Adjourn				

The chart below lists the NAESB proposed business practice that was approved by the NERC/NAESB Version 0 Leadership on August 2-3, 2004. It also lists the suggested changes by draft 1 comments that were accepted by the WEQ BPS at the August 10-11, 2004 meeting in Houston, TX. Most recently, the chart has been modified to include agreements and discussion by the NERC/NAESB Version 0 Leadership at the August 13th conference call, changes made to the Coordinate Interchange Business Practice by the CIBP task force on August 16, and to include clarifications regarding the business practices by the NERC Version 0 Drafting Team at their August 18-20 meeting in Denver, CO. Please note that this chart includes agreements, decisions, and discussion from five different meetings as of today, August 20, 2004.

NAESB Version 0 BPs: Decisions, Accepted Comments, and Agreements

ACE

Proposed NAESB ACE Business Practice (NERC Operating Policy 1, Appendix 1A Sections B,C, and D) Business Practice Standard after **8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago**

The following represents the NAESB proposed standard that was approved by the NERC/NAESB Version 0 Leadership on 8/2-3:

- The proposed NAESB Version 0 Business Practice Standard addresses treatment of special cases of the ACE equation in Appendix 1A:
 - Section B – Pseudo-Ties and Dynamic Schedules for Jointly Owned Units;
 - Section C – Supplemental Regulation Service;
 - Section D – Load or Generation Transfer by Telemetry.
- Reliability requirements in the NERC standards will not be duplicated in the NAESB standard

Accepted Changes to ACE at **8/10-11 WEQ BPS meeting in Houston**

Accepted changes to ACE included the following:

- Team leader will review all suggested grammar and formatting changes submitted and make the appropriate changes.
- Team leader will review all submitted terms to be defined and take the appropriate steps.
- No requirements statements (shall statements) will be located in the appendices; all requirements statements will reside in the BP itself
- Hydro-Quebec's comment that examples should not be in standards was accepted. Further discussion by the group indicated that examples should be in attachments (appendices.)
- Due to a comment submitted by Entergy, the group noted that the example contained in requirement 1.1 should either be moved to an appendix or reformatted and reworded so that any requirements are not encapsulated within the example. Requirement will be reviewed and reworded if necessary to avoid in misguidance that

	<p>might result from the use of the examples.</p> <ul style="list-style-type: none"> • Comments to provide definitions of terms submitted by Salt River were acknowledged by the group and referred to the team leader. • The group accepted this comment that the wording “may also” was more appropriate terminology to employ within requirement 3 of ACE (suggested by FRCC.) • The group reviewed the suggested example (by FRCC) for requirement 3 of ACE and although the group did not accept the change FRCC proposed, the group did review and discuss section (requirement 3). Requirement 3 was modified to reflect the attachment below.
<p>TIME ERROR CORRECTION</p>	
<p>Proposed NAESB Time Error Correction Business Practice (NERC Operating Policy 1D and Appendix 1D) after 8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago</p>	<p>The following represents the NAESB proposed standard that was approved by the NERC/NAESB Version 0 Leadership on 8/2-3:</p> <ul style="list-style-type: none"> • The NAESB proposed business practice standard is the time error correction procedure, exclusive of the following reliability standards found in Policy 1D Requirement 4 that will be addressed by NERC: <ul style="list-style-type: none"> ➢ (to be addressed in NERC Reliability Standards) - the Time Monitor for an Interconnection must be a Reliability Authority; ➢ (to be addressed in NERC Reliability Standards) – any RA in the Interconnection may halt a time error correction for reliability considerations, before or during the correction; ➢ (to be addressed in NERC Reliability Standards) – any Balancing Authority may request its RA to halt a time error correction for reliability considerations; • The NAESB BP incorporates Operating Policy 1D (excluding Requirement 4) and Appendix 1D. • Note that Requirement 1.2 of Time Error Correction was removed from the NAESB BP upon agreement at this meeting. • Note that Requirement 1.7 of Time Error Correction was removed from the NAESB BP upon agreement at this meeting.
<p>Accepted changes to Time Error Correction at 8/10-11 WEQ BPS meeting in Houston</p>	<p>Accepted changes to Time Error include the following:</p> <ul style="list-style-type: none"> • Team leader will review all suggested grammar and formatting changes and make the appropriate changes. • Team leader will review all submitted terms to be defined and take the appropriate steps. • No requirements statements (shall statements) will be located in the appendices; all requirements statements will reside in the BP itself • A re-wording change was proposed by Salt River to Appendix A of Time Error. The team leader will decide whether or not to accept this change for draft 2 purposes. • Requirement 1.1 will be changed to reflect more active language as a result of an Entergy comment. • The group asked that the team leader review the original intent of the policy behind requirement 1.6.1 before changing “may” to “shall” in the requirement (Entergy comment.) • The group accepted Entergy’s comment to reflect more active language in requirement 1.8.

<p>Accepted changes to Time Error Correction by NAESB/NERC Version 0 Leadership at August 13 conference call</p>	<ul style="list-style-type: none"> The group noted that proposed clarifications to Appendix A by Entergy are accepted. <p>During the August 13, 2004 conference call between NERC and NAESB Version 0 leadership, Time Error Correction was modified to reflect the following changes:</p> <p>1.6 Time correction offset. The BALANCING AUTHORITY may participate in a Time Error Correction by either of the following two methods:</p> <p>1.6.1 Frequency offset. The Balancing Authority may offset its frequency schedule in accordance to the directives of the Interconnection Time Monitor, leaving the FREQUENCY BIAS SETTING normal, or</p> <p>1.6.2 Schedule offset. If the frequency schedule cannot be offset as directed by the Interconnection Time Monitor, the BALANCING AUTHORITY may offset its net INTERCHANGE schedule (MW) by an amount equal to the computed bias contribution during an equivalent frequency deviation.</p>
<p>Changes/clarifications that occurred to NAESB BPs as a result of NERC Version 0 SDT meeting 8/18-20</p>	<p>NERC SDT made the decision to remove the words “time error” from the following sentence located in R15 of Standard 005 (Version 0 Reliability Standards): “Each Balancing Authority shall at least annually check and calibrate its time error and frequency devices against a common reference.”</p> <p>As a result of this modification, NAESB added the following requirement to Version 0 Time Error Correction BP: “The Interconnection Time Monitor must annually calibrate its time error device against an established time reference.”</p>
<p>INADVERTENT INTERCHANGE</p>	
<p>Proposed NAESB Inadvertent Interchange Payback Procedure BP (NERC Operating Policy 1F) after 8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago</p>	<p>The following represents the NAESB proposed standard that was approved by the NERC/NAESB Version 0 Leadership on 8/2-3:</p> <ul style="list-style-type: none"> The NAESB Business Practice incorporates the inadvertent payback procedure in Policy 1F and Appendix 1F, and addresses only the payback and business practice aspects with modifications to exclude reliability requirements listed below: <ul style="list-style-type: none"> Inadvertent accounting and metering requirements necessary for reliability; The Version 0 Drafting Team (NERC) will be requested to review whether it should incorporate Appendix 1F Section C – On Peak and Off Peak Periods – into the NERC reliability standard. The NAESB Business Practice would incorporate any aspects of accounting or dispute resolution that it needs for the business practices purpose of payback. In future standard development efforts (e.g. Version 1), NAESB may establish additional levels of inadvertent granularity that might be needed for business practice or payback purposes. NERC will work with NAESB to

<p>Accepted changes to Inadvertent Interchange at 8/10-11 WEQ BPS meeting in Houston</p>	<p style="text-align: center;">try to optimize the collection and distribution of that information.</p> <p>Accepted changes to Inadvertent Interchange include the following:</p> <ul style="list-style-type: none"> • Team leader will review all suggested grammar and formatting changes submitted and make the appropriate changes. • Team leader will review submitted terms to be defined and take the appropriate steps. • No requirements statements (shall statements) will be located in the appendices; all requirements statements will reside in the BP itself. • Number 1.4.1 was changed to number 1.5 due to a comment by Salt River. • The group reviewed a comment by SRP regarding requirement 3.1 (stating “data submitted to the Resource subcommittee survey contact is actually On Peak Off Peak schedules and actuals”) and noted that this comment will be reviewed at the NERC/NAESB Version 0 Leadership conference call on August 13th. • A comment was submitted by Mirant that in NERC translation of requirement 2.1.2, the term CPS has been replaced with CPM and Mirant’s comments ask for consistency between NERC and NAESB. Team leader will review and make appropriate changes. • A comment was also submitted by Mirant to use “Balancing Authority Area” in place of “Balancing Authority” in section 2.1.1.1 – team leader will review and make appropriate changes. • Mirant comment also asked for more clarity in use of cross-references in Inadvertent Interchange – team leader will make appropriate changes after review. • The group accepted a comment by Entergy to change the “will not” to a “shall only” in requirement 1.3 of Inadvertent Interchange. • The Entergy suggested addition of requirement 1.4.2 to II was accepted as a clarifying statement, referencing error adjustment procedure under NERC Operating Policy Appendix 1F. • Entergy’s suggested additions to requirement 2 of II were accepted by the group – team leader will make the changes. • The group noted that Entergy’s recommended additions to requirement 3 would be addressed after the NERC/NAESB Version 0 Leadership conference call on August 13th. • The group also noted that review of Entergy’s recommended additions and changes to requirement 4 would be postponed until a final disposition had been made in regards to the location of NERC Operating Policy Appendix 1F by the NERC/NAESB Version 0 Leadership • Entergy’s suggested changes of “will” to “shall” in Appendix B are accepted.
<p>Discussion on Inadvertent Interchange between NERC/NAESB Version 0 Leadership at August 13 conference call</p>	<p>The following describes the agreement reached between NERC and NAESB Version 0 Leadership (at 8/13 conference call) pertaining to requirement 3 of Inadvertent Interchange: The NAESB IIP standard will not assume that NERC will provide the data necessary for inadvertent payback and will not directly impose any requirement on NERC. However, even though the BP will not assume or say that NERC will provide the data the language in the BP does not necessarily mean that NERC won’t perform this action. As such, the NAESB BP has to be written more generically (e.g. Requirement 3) and must include the granularity level necessary to</p>

	settle inadvertent payback (i.e. On Peak and Off Peak accumulations in Requirement 1). This will specifically The requirement in the BP can be supplemented by a memorandum between NERC and NAESB that states that NERC will provide this data. This memorandum can be revised over time to reflect changes in NERC and NAESB policy.
Changes/clarifications that occurred to NAESB BPs as a result of the NERC Version 0 SDT meeting 8/18-20	<p>The NERC Version 0 drafting team decided against including the On Peak/Off Peak definitions; rather NERC Version 0 will have a glossary term for On Peak/Off Peak that will reference NAESB by saying “as defined by NAESB.”</p> <p>NERC Version 0 drafting team decided not to include a section for “dispute resolution” in the NERC Reliability Standard for Inadvertent Interchange.</p>
CIBP	
Proposed NAESB Coordinate Interchange BP (NERC Operating Policy 3 and Appendices 3A1, 3A2, 3A3, 3A4, and 3D) after 8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago	<p>The following represents the NAESB proposed standard that was approved by the NERC/NAESB Version 0 Leadership on 8/2-3:</p> <ul style="list-style-type: none"> • The NAESB Business Practice is proposed to include the portions of Policy 3 that address business practices issues, excepting the proposed four standards (by NERC) on interchange that address requirements for the following: <ul style="list-style-type: none"> ➤ (Proposed by NERC) – tagging interchange transactions; ➤ (Proposed by NERC) – assessing interchange transactions; ➤ (Proposed by NERC) - communicating and implementing tagged interchange transactions; ➤ (Proposed by NERC) - modifying tagged interchange transactions. • The NAESB BP will also include Appendices 3A2, 3A3, and 3D.
Accepted changes to CIBP at 8/10-11 WEQ BPS meeting in Houston	<p>Accepted changes to CIBP include the following:</p> <ul style="list-style-type: none"> • Team leader will review all suggested grammar and formatting changes and make the appropriate changes. • Team leader will review all submitted list of terms to be defined and take the appropriate steps. • No requirements statements (shall statements) will be located in the appendices; all requirements statements will reside in the BP itself. • The group accepted SRP’s comment to add the word “Approval” before “Entity” in requirement 1.3. • Team leader will review requirements 2.0, 3.0 and 4.0 and reworded if necessary to reflect active voice. (result of discussion that took place after a SRP comment to combine 2.0 and 3.0 was rejected.) • Comment by Salt River that the word “Corrections” in requirement 9.0 should be un-capitalized by Salt River was accepted. • Suggested comments to 11.0 and 11.1 led the group to reword 11.0 to reflect the following changes: “All parties involved in the bilateral Interchange Transaction shall have, or arrange to have, personnel and facilities on site and immediately from the beginning of the Market Period until the transaction has been completed for notification of changes to the Transaction Tag.” • Consequently, requirement 11.1 was removed from CIBP.

	<ul style="list-style-type: none"> • A comment made by Salt River regarding requirement 14.1, led the group to ask NERC representative Bill Lohrman to question NERC on whether this requirement was perhaps more of a reliability standard and raise the issue for discussion at the NERC/NAESB Version 0 Leadership conference call on August 13th. The group agreed that there should be no duplication between NERC and NAESB on this topic. • Additional comments made by Salt River led to the group changing the word in “TAG” in 14.1 and 14.2 to “Interchange Transaction.” • A comment by Salt River regarding Appendix B subtitle “Interchange where Sink is in the Western Interconnection” led to the group changing the “NAESB Appendix A” under the 3rd bullet to “NERC Appendix A.” • The group referred comments by SRP to team leader to clarify definitions in the “Actors” subsection of Appendix C and make any appropriate changes.. • Comments on 1.2 and 1.2.1 of Appendix E led to the use of the term “where applicable” instead of the term “optionally.” • The team leader will review and correct (if necessary) “Requesting Purchasing Selling Entity” found in 2.1.2.2.2 of Appendix E. Further discussion by the group led to a suggestion that the team leader review the use of “Requesting Purchasing Selling Entity” under the subsection “Using Multiple Transmission Reservations to Support a Single Leg of an Interchange Transaction” of Appendix E for appropriate clarification and capitalization. • Comments by FRCC regarding duplication between NAESB and NERC led the group to suggest to the CIBP task force that to the extent they could review these comments with the IS, they should do so and make any changes they found necessary and appropriate. • Comments by Mirant on Requirement 10.0 led the group to recommend that CIBP review these comments and the practice to make sure the appropriate and necessary parts of the policy had been included and that no significant details had been overlooked. • The group referred Entergy’s proposed changes to requirement 13.0 and 13.1 to the team leader for review. • “Control Area” will be changed to “Balancing Area” within Appendix B of CIBP (Entergy Comment).
<p>Additional changes made to CIBP by CIBP Task Force on August 16</p>	<p style="text-align: center;">Recommended Changes to CIBP Standard (Excludes Definitions & Appendices)</p> <p>1.0 All requests to implement bilateral Interchange Transactions, and certain Interchange Schedules, shall be accomplished by the submission of a completed Interchange Transaction Tag to the Sink Balancing Authority (BA).</p> <p>1.3 Approval Entities shall only be allowed to take actions against tags as specified in the most current version of the NASEB Appendix D “Transaction Tag Actions”.</p> <p>2.0 All energy purchase, energy sale, and Transmission service arrangements necessary to create the Transaction Tag and implement the bilateral Interchange Transaction shall be performed and verified by the Requesting PSE prior to the Transaction Tag being submitted to the Sink BA.</p>

2.1 The Requesting PSE shall have the right to defer this responsibility to the Market Operator Function. ****Note: Requirement 3 was deleted except for this sentence and combined into 2.0.**

4.0 This requirement will be deleted due to NERC covering it in Std 10, Req. 4

5.0 The completed Transaction Tag, **including all updates and market modifications**, shall be forwarded by the Sink BA to the appropriate Approval Entity(s) for a Market Period assessment.

6.1 Unless denied by an Approval Entity, the Transaction Tag is considered approved when all involved parties receive from the Sink BA the results of the Market Period assessment.

6.2 All denials of a **Transaction** tag by any Approval Entity shall be accompanied by the reason for such denial.

8.0 The preferred method of submitting the Transaction Tag to the Sink BA shall be electronic and in accordance with the Version 1.7.095 NERC Transaction Information System Working Group (TISWG) *Electronic Tagging Functional Specifications*.

****Note: Is this the most recent language**

9.0 Removed capitalized C in corrections.

9.1 Timing for market related corrections shall be in accordance with the NERC Version 0 standard attachment 1.

10.0 The Requesting PSE shall have the right to modify an Interchange Transaction that is in progress or scheduled to be started. These modifications shall be made due to changes in contracts, economic decisions, or other market-based influences.

10.1 Interchange Transaction modifications made to the “Implemented” Transaction tag or its committed transmission reservation for market-related issues by the Requesting PSE, or its designee, must be submitted to the Sink BA and all affected parties within the time requirements of NERC Standard Version 0 Attachment 1

10.2 The Requesting PSE shall have the right to increase or decrease the Interchange Transaction tag’s energy and committed transmission(s) profile to reflect a desire to flow more or less energy or commit more or less transmission than originally requested. In the case of an increase, the necessary transmission capacity must be available from either the earlier Transaction or is provided with the increase.

10.3 The Requesting PSE shall have the right to extend the Interchange Transaction tag’s energy profile to reflect a desire to flow energy during hours not previously specified. Necessary transmission capacity must be provided with the extension.

11.0 All parties involved in the bilateral Interchange Transaction shall have, or arrange to have, personnel and facilities on site and

	<p>immediately available for notification of changes to the Transaction Tag from the beginning of the Market Period until the Transaction has been completed. **Note: 11.1 was removed and combined with 11.0 .</p> <p>12.0 Unless provided for under a FERC approved market mechanism, energy accounting for all Interchange Transactions shall be accomplished via Interchange Block Accounting.</p> <p>13.0 Settlement of losses shall be either handled as financial or as payment in-kind according to the OATT of each Transmission Service Provider on the Transaction tag.</p> <p>14.0, 14.1, 14.2 will be removed from the Standard since NERC’s V-0 team will continue to include these requirements in their V-0 standard.</p> <p>15.0 All RAs, BAs, TSPs, PSEs, and other entities involved in an Interchange Transaction shall not disclose the Interchange Transaction information to any PSE not involved in the Interchange Transaction. **Note: This was added based on comment from Ed Davis. Is it appropriate?</p>
<p>Changes/clarifications that occurred to Version BP as a result of NERC Version 0 SDT meeting 8/18-20</p>	<p>NERC drafting team decided Policy 3 Appendix 3A4 would be a NAESB BP with a new requirement added that “generically” defines the minimal reliability components needed.</p>
<p>EMERGENCY OPERATIONS</p>	
<p>8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago</p>	<p>NAESB agreed to withdraw its proposed business practice in Version 0 that included Operating Policy 5C requirement 2.1 and requirement 3. NAESB will propose that it later develop these as a Version 1 Business Practice.</p>
<p>TLR</p>	
<p>Proposed NAESB TLR after 8/2-3 NERC/NAESB Version 0 Leadership meeting in Chicago</p>	<p>The following represents the proposed NAESB Standard that was approved by the NERC/NAESB Version 0 Leadership on 8/2-3:</p> <ul style="list-style-type: none"> • The NAESB BP includes the TLR procedure (Appendices 9C1, 9C1B, and 9C1C). • NAESB BP will address only the Eastern Interconnection. • NERC and NAESB will use same language/format in TLR Version 0 • NERC and NAESB should develop a joint plan for filing an update of the TLR procedure with the FERC • NERC and NAESB should immediately begin a joint effort to update the TLR procedure to divide the reliability requirements and business practices and to incorporate other necessary improvements to the TLR procedure. • The recommended target for retiring the duplicate Version 0 standards with the next version is end of 2005.
<p>Accepted changes to TLR at 8/10-11 WEQ BPS meeting in</p>	<ul style="list-style-type: none"> • Team Leader will review suggested grammar and formatting changes submitted, and make appropriate changes.

<p>Houston.</p>	<ul style="list-style-type: none"> • Team leader will review all submitted terms to be defined and make the appropriate steps. • No requirements statements (shall statements) will be located in the appendices; all requirements statements will reside in the BP itself • Changes proposed to TLR will be reviewed by the joint NAESB/NERC task force. • The group decided to reinstate the subsection “Customer Preferences on Timing to Call TLR” (from NERC Operating Policy Appendix 9C1B) -comment submitted by Kathy Davis, TVA • Team leader will review suggestion to reference subsections (rather than page numbers) in TLR. • Entergy’s comment on addition of introductory sentence to TLR will be reviewed by NERC/NAESB representatives working on TLR. • SRP’s suggested introductory sentence will also be reviewed by NERC/NAESB representatives working on TLR. • Entergy’s suggested change to requirement 1.2 will also be reviewed by representatives from NERC and NAESB working on TLR. • Entergy’s comment to include a reference to Attachment E2 in requirement 2.5.2 was accepted by the group. • The group noted that the general comment to requirement 4 pertaining to “discussion sections” proposed by Entergy would be reviewed by the team leader and discussed with NERC to make all appropriate changes.
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Below is the accepted rewording of requirement 3, ACE Business Practice:

3. Load or Generation Transfer By Telemetry

Dynamic scheduling may be used for telemetered transfer of load or generation from one BALANCING AUTHORITY to another.

3.1 If dynamic scheduling is used to transfer load or generation by telemetry, both BALANCING AUTHORITIES shall modify their ACE equation as applicable. When using dynamic scheduling the following process shall be used:

3.1.1 To transfer load, the BALANCING AUTHORITY giving up the transferred load shall add the load to its ACE equation (+ I_{SL}).

3.1.2 The BALANCING AUTHORITY accepting the load shall subtract the transferred load from its ACE equation ($-I_{SL}$).

- 3.1.3 For generation, the BALANCING AUTHORITY giving up generation shall subtract it ($-I_{SG}$) and the BALANCING AUTHORITY accepting the generation shall add it ($+I_{SG}$) to its ACE equation.

The group discussed (WEQ BPS 8/10-11 meeting in Houston, TX) including definitions within the business practices, and also cross-referencing terms to the WEQ glossary. The following outlines their decision:

The team encouraged suggestions from the group on terms they would suggest be defined. Team resolved that suggested defined terms would be reviewed by Team Leaders and business practice specific terms would be included in definitions section of that business practice. Terms would be compared to those already in existence within the WEQ glossary and glossary definitions would be utilized. For those terms that have two or more accepted definitions, both definitions will be listed in the glossary but the meaning used in the bp would be listed in the business practice as a definition specific to that bp.



North American Energy Standards Board

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July 19, 2004

TO: NAESB WEQ Standards Review Subcommittee (SRS) Participants, WEQ Business Practices Subcommittee (BPS) Participants, NAESB WEQ Executive Committee and Posting for Interested Parties

FROM: Rae McQuade, NAESB Executive Director
DeDe Kirby, NAESB Meeting/Project Manager

RE: Recommendation to NAESB Executive Committee: Operate Within Limits (OWL) Business Practices

Dear WEQ SRS, WEQ BPS, and Interested Parties,

The Wholesale Electric Quadrant Standards Review Subcommittee has completed its scope and investigatory work on Operate Within Limits (OWL) Business Practices request no. R03017. At the request of the Standards Review Subcommittee leadership, we are forwarding the request and supporting documentation including a draft recommendation for the Operate Within Limits request to the next step in the NAESB standards development process. The subcommittee recommends that these documents be considered by the Business Practices subcommittee as it begins its review to develop the proposed standards.

Please find the draft Recommendation to the NAESB Executive Committee, Operate Within Limits, attached. As always, please contact the NAESB offices (713) 356-0060 if you require any further information.

Best Regards,

Rae McQuade

Rae McQuade

Executive Director, North American Energy Standards Board

DeDe Kirby

DeDe Kirby

Meeting/Project Manager, North American Energy Standards Board



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

**Requesters: Standards Review Subcommittee (SRS)
Request No.: R03017
Request Title: Operate Within Limits Business Practices**

1. RECOMMENDED ACTION:

- Accept as requested
- Accept as modified below
- Decline

**EFFECT OF EC VOTE TO ACCEPT
RECOMMENDED ACTION:**

- Change to Existing Practice
- Status Quo

2. TYPE OF DEVELOPMENT/MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal
- Principle
- Definition
- Business Practice Standard
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

Per Recommendation:

- Initiation
- Modification
- Interpretation
- Withdrawal
- Principle
- Definition
- Business Practice Standard
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

3. RECOMMENDATION

SUMMARY:

Establish companion standard business practices to complement the reliability requirements to be set forth by NERC's Operate Within Interconnection Reliability Operating Limits (IROLs) Standard (Standard 200). The proposed NERC Reliability standard seeks to prevent instability, uncontrolled Separation, or cascading outages that adversely impact the reliability of the bulk transmission system. Additional business standards are needed to avoid shifting problems from one control area to another, and to ensure effective control of constraints at the borders between control areas.



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

**Requesters: Standards Review Subcommittee
Request No.: R03017
Request Title: Operate Within Limits Business Standards**

RECOMMENDED STANDARDS:

- S1:** A wide-area based standard procedure, at the Regional, Reliability Authority, or RTO/ISO level.
- Neighboring areas/markets, should communicate with each other before taking non-market based actions to manage IROL violations.
 - To the extent a flowgate requires “shared” responsibility between two or more areas, those areas should agree on pre-determined loading limits each will be required to operate towards.
 - Each area should provide customers with redispatch options with transparent costs.
- S2:** A “local redispatch procedure should have appropriate causal cost assignments that are:
- Least cost options for redispatch.
 - Recognized lost opportunity costs.
- S3:** Procedures recommended above should be utilized as primary tool for managing IROL violations – before TLR or emergency procedures are implemented.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Request submitted by the NAESB Standards Review Subcommittee (SRS) Members requesting complementary business practice standards to support NERC’s Operate Within Interconnection Reliability Operating Limits Reliability Standard, and is attached as Appendix A.

b. Description of Recommendation:

In support of the recommendation, please review the following documents in Appendix B: the Operate Within Limits Initial Standard Review document, and the Operate Within Limits Scoping Document. Please also find additional information within the WEQ SRS meeting minutes where OWL was discussed:

September 9, 2003	http://www.naesb.org/pdf/weq_srs090903dm.pdf
October 21, 2003	http://www.naesb.org/pdf/weq_srs102103fm.pdf
November 5, 2003	http://www.naesb.org/pdf/weq_srs110503fm.pdf



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

**Requesters: Standards Review Subcommittee
Request No.: R03017
Request Title: Operate Within Limits Business Standards**

January 8, 2003	http://www.naesb.org/pdf/weq_srs010804fm.pdf
February 25, 2004	http://www.naesb.org/pdf/weq_srs022504fm.pdf
March 31, 2004	http://www.naesb.org/pdf/weq_srs033104fm.pdf
April 23, 2004	http://www.naesb.org/pdf/weq_srs042304fm.pdf
May 12, 2004	http://www.naesb.org/pdf/weq_srs051204fm.doc
June 24, 2004	http://www.naesb.org/pdf/weq_srs062404rm.doc

c. Business Purpose:

The Business Practices will provide market participants with procedures for providing any necessary data for the Operate Within Interconnection Limits Standard. Business practices, particularly practice for transaction curtailments, may be needed to support the reliability standards being developed to prevent instability, uncontrolled separation or cascading outages that adversely impact the reliability of the bulk transmission system.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

[to be provided by the WEQ Business Practices Subcommittee (BPS) when BPS concludes its efforts proposing standards for Operate Within Limits]



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

Appendix A: Request #R03017 – Operate Within Limits Business Standards

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions**

July 10, 2003

R03017

OPERATE WITHIN LIMITS BUSINESS STANDARDS

North American Energy Standards Board

Request for Initiation of a NAESB Standard for Business Transactions

or

Enhancement of an Existing NAESB Standard for Business Transactions

Date of Request: July 10, 2003

1. Submitting Entity & Address:

Standards Review Subcommittee Members

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Raj Rana, Transmission Policy Director, American Electric Power

Chair of the WEQ Standards Review Subcommittee

Work: 614-716-2359

Fax: 614-716-2352

E-Mail: raj_rana@aep.com

Address: 1 Riverside Plaza

Columbus, OH 43215

3. Description of Proposed Standard or Enhancement:

Provide complementary business practice standards to support the Operate Within Interconnection Reliability Operating Limits standard being developed by the North American Electric Reliability Council. Business practices, particularly practices for transaction curtailments, may be needed to support the reliability standards being developed to prevent instability, uncontrolled separation or cascading outages that adversely impact the reliability of the bulk transmission system.

4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):

The commercial purpose for the NAESB business standard is to facilitate equitable curtailment and reloading of market transactions and to implement tariff transmission



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

**Requesters: Standards Review Subcommittee
Request No.: R03017**

Request Title: Operate Within Limits Business Standards

service priorities when such actions are needed from the marketplace. The commercial standard should accommodate such actions for either commercial or reliability purposes.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

Clearly it is important to coordinate reliability standards development with any relevant business practice standards. Specific market based proposed standards were not included in the scope of the proposed Operate Within Interconnection Reliability Operating Limits standard.

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

Reliability systems used to coordinate reliability analysis and to coordinate transactions may be impacted.

7. Description of Any Specific Legal or Other Considerations:

FERC or other regulatory requirements must be considered.

8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

N/A

9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:

N/A

10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

See NERC standard "Operate Within Interconnection Reliability Operating Limits, v. 2" attached as Attachment A. (*within this document attached as Appendix B2: Operate Within Limits Scoping Document.*)

Appendix B1: Initial Standard Review

1

**Initial Standard Review and Analysis Report
For
NERC Operate Within Interconnection Reliability Operating Limits
NAESB WEQ Executive Committee**



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

**Standards Review Subcommittee
September 9, 2003**

The initial Standard Review and Analysis Report provides information for the NAESB Wholesale Electric Quadrant (WEQ) to make informed decisions on the disposition of a proposed standard that impacts the wholesale electric industry. The Standards Review Subcommittee provides this Report as an initial review of a proposed Standard that may impact current or future NAESB Wholesale Electric Quadrant standards. This Report contains no recommendations to develop or propose a NAESB Standard. A White Paper may be developed to propose a NAESB standard if the WEQ finds it necessary.

This **Initial Standard Review and Analysis Report** reviews the following standards:

Proposing Organization(s): North American Electric Reliability Council

Proposed Standard(s) and date:

200 – Operate Within Interconnection Reliability Operating Limits, July 1, 2003

201 - Interconnection Reliability Operating Limit Identification, July 1, 2003

202 – Monitoring, July 1, 2003

203 – Analyses and Assessments, July 1, 2003

204 –Actions, July 1, 2003

205 – Data Specification & Collection, July 1, 2003

206 – Data Provision, July 1, 2003

207 – Action Plan, July 1, 2003

208 – Reliability Authority Directives, July 1, 2003

Description and Background

NERC Reliability standards will prevent instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the bulk transmission system.

This standard will address the following areas:

- Identification of system operating limits.
- Monitoring of the system for operating limits.
- Analyze and assess system conditions based on monitored system limits.
- Specify data and collection needed for monitoring system limits.



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

- Action plan utilized by operators to maintain operations within system limits.

2

- Requirements apply to entities performing various electric system functions, as defined in the NERC Functional Model.

Potential business practice standards and related impacts

- Practices for management of transaction curtailment including:

- Timing
- Priority
- Magnitude
- Duration
- Reloading

- Others????

The proposed standard impacts the following NAESB activities/standards:

- Coordinate Interchange Business Practices
- Coordinate Operations Business Practices

The proposed standard raises the following possible business practice concerns:

NERC requires that the operators of the bulk transmission system have in place procedures to effectively manage transactions in the event of overload on the system.

These procedures may impact tariff service priorities and affect commercial market transactions that transpire both within and between markets.

Appendix B2: Operate Within Limits Scoping Document

**Scope Document
For
Operate Within Interconnection Reliability Operating Limits
NAESB WEQ Executive Committee
Standards Review Subcommittee
September 9, 2003
NAESB Standard Request # R03017**

Introduction

The North American Electric Reliability Council has sought to establish an industry standard for



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

establishing requirements for the operation of the interconnected bulk power system within specified operating limits. NAESB's Standards Review Subcommittee seeks to evaluate the need for establishing standard business practices to complement the reliability requirements set forth by NERC.

NERC Proposed Standard and date:

200 – Operate Within Interconnection Reliability Operating Limits, July 1, 2003

201 - Interconnection Reliability Operating Limit Identification, July 1, 2003

202 – Monitoring, July 1, 2003

203 – Analyses and Assessments, July 1, 2003

204 –Actions, July 1, 2003

205 – Data Specification & Collection, July 1, 2003

206 – Data Provision, July 1, 2003

207 – Action Plan, July 1, 2003

208 – Reliability Authority Directives, July 1, 2003

Purpose of NERC Operate Within Interconnection Reliability Operating Limits

Standard

The proposed NERC Reliability standard seeks to prevent instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the bulk transmission system.

This NERC standard will address the following areas:

- Identification of system operating limits.
- Monitoring of the system for operating limits.
- Analyze and assess system conditions based on monitored system limits.
- Specify data and collection needed for monitoring system limits.
- Action plan utilized by operators to maintain operations within system limits.
- Requirements apply to entities performing various electric system functions, as defined in the NERC Functional Model.

NAESB Scoping Document for R03017 – Operate Within Interconnection Reliability Operating Limits

September 10, 2003

Page 2 of 3

Items for a Companion Business Practice Standard

The Standards Review Subcommittee has identified the need for a NAESB Business Practice Standard that allows for regional differences and includes the following:



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

- Practices for management of system operating limit relief and reloading including:
 - Timing
 - Priority
 - Magnitude
 - Duration
 -
- Practices for system operating limit relief and reloading processes including:
 - Types of methodologies used
 - Informing parties of the reloads and the methodologies used
 - Affected Parties communicating their agreement on the reloads.

The NERC proposed standard impacts the following NAESB activities/standards:

- Coordinate Interchange Business Practices
- Coordinate Operations Business Practices

Issues for consideration by NAESB during business practice standard development:

The NERC proposed standard raises the following possible business practice concerns and questions to the NAESB Executive Committee:

NERC requires that the operators of the bulk transmission system have in place procedures to effectively manage transactions in the event of overload on the system. These procedures may impact tariff service priorities and affect commercial market transactions that transpire both within and between markets.

Standard Terminology will be developed by the NAESB and NERC drafting teams. Within the Wholesale Electric Quadrant of NAESB, the NAESB drafting teams will use similar definitions where the definitions are appropriate. Where NERC definitions are appropriate, NAESB will seek to use them.

Developing business practices for curtailment processes may entail that all transactions are tagged.

There are questions on whether the development will be focused on North American standard, a standard encompassing regional differences, or if the standard will be primarily a communication standard to be applicable on a North American basis.

Regarding the list of facilities subject to the interconnection reliability operational limits, will this list be the only set of facilities employed by both NERC for reliability requirements as well



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

as a NAESB Business Practice Standard?

Other issues to be addressed during business practice standard development:

1. Will the NERC OWL drafting team prepare standards for the development and communication of the list of facilities that are subject to the interconnection reliability operational limits? Should this list be the only set of facilities employed by both NERC for reliability requirements as well as a NAESB Business Practice Standard?

**NAESB Scoping Document for R03017 – Operate Within Interconnection Reliability Operating Limits
September 10, 2003**

Page 3 of 3

2. Will the NERC OWL team develop standards for the notification of curtailments? Between which functional entities?

3. Similarly, will the NERC OWL drafting team be asked to develop standards for the notification of reloading?

4. Does NERC expect NAESB to develop complementary OWL standards that are focused on North American standard, a standard encompassing regional differences, or if the standard will be primarily a communication standard to be applicable on a North American basis.

Comments Received by September 10, 2003:

No comments received on September 10, 2003.



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Wholesale Electric Quadrant**

Requesters: Standards Review Subcommittee

Request No.: R03017

Request Title: Operate Within Limits Business Standards

August 19, 2004

naesb@naesb.org

The Revenue Standing Committee of the Council of Petroleum Accountants Societies (COPAS) would like to express its support for the NAESB Producer Imbalance Statement. Since NAESB uses primarily the data elements of COPAS Accounting Guideline No. 22 (Producer Gas Imbalances), we fully support this effort in using consistent industry guidelines. The use of the COPAS data elements in electronic data exchange helps improve the industry consistency in reporting such important information as Producer Gas Imbalances.

**Marvinette Ponder
COPAS Revenue Committee Chair**

Comments submitted by ExxonMobil

ExxonMobil fully endorses the subject standards and strongly encourages industry-wide utilization of them. As one of the initiators of the subject endeavor, we have committed significant staff hours progressing it to this point. We look forward to taking advantage of the full benefits of the standards in the years to come.

James Hunsaker
Manager, U.S. Supply - Americas Gas Marketing ExxonMobil Gas & Power
Marketing



North American Energy Standards Board

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TO: REQ/RGQ Executive Committee

FROM: Bill Newbold, Detroit Edison, REQ SUIS Co-Chair
Rick Alston, Old Dominion Electric Cooperative, REQ CPS Co-Chair

RE: Formatting of Retail Quadrant Model Business Practices

DATE: July 14, 2004

Now that the Customer Processes Subcommittee (CPS) and the Supplier-Utility Interface Subcommittee (SUIS) have completed a number of sets of Model Business Practices, the subcommittee members agree that the current formatting of Model Business Practices should be changed.

In our May and June 2004 meetings discussions were held about the current format where each set of Model Business Practices is produced as a stand-alone document, necessitating the development of introductory and executive summary sections for each one. While working on these sections, it became apparent that they were very repetitive from one set of Model Business Practices to another. The subcommittees together came up with a proposal to organize the Retail Model Business Practices into two volumes, or "books" as they are frequently called, and have one introductory and executive summary section for each volume.

The volumes would be:

Customer Processes

Supplier-Utility Interfaces

An outline of how these might be organized is attached.

We would like to discuss this proposal with the Retail EC's at their August 2004 meeting.

In addition, the subcommittees have expressed concerns about the order of subjects in the REQ/RGQ Annual Plans and propose addressing subjects in the order presented in the attached outline. For the most part, this order is close to that of the current Annual Plans. Any in-process activities would be completed prior to changing the order in which subjects will be addressed.

We would like to have this Annual Plan discussion at the August EC meeting also.

REQ/RGQ MODEL BUSINESS PRACTICES – FORMATTING PROPOSAL

I. Customer Processes

A. Version Notes

B. Introduction

C. Executive Summary

D. Business Processes and Practices

1. Customer Information (*REQ/RGQ 2004 AP #3*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

2. Customer Enrollment, Switching, & Dropping (*REQ 202-2003 AP #1, RGQ 2003 AP#5, REQ/RGQ 2004 AP #5*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

3. Customer Billing and Payment (*REQ/RGQ 2004 AP #1*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

REQ/RGQ MODEL BUSINESS PRACTICES – FORMATTING PROPOSAL

4. Customer Inquiries (*REQ/RGQ 2004 AP #7*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

II. Supplier-Utility Interfaces

A. Version Notes

B. Introduction

C. Executive Summary

D. Business Processes and Practices

1. Market Participant Interactions (*REQ/RGQ 2004 AP #2*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

2. Creditworthiness Standards (*REQ 2003 AP #2, RGQ 2003 AP #3*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

3. Supplier Licensing (*REQ/RGQ 2004 AP #8*)
 - (a) Overview
 - (b) Principles
 - (c) Definitions
 - (d) Model Business Practices
 - (e) Data Sets
 - (f) Models

4. Distribution Company – Supplier Disputes (*REQ/RGQ 2004 AP #4*)
 - (a) Overview
 - (b) Principles

REQ/RGQ MODEL BUSINESS PRACTICES – FORMATTING PROPOSAL

- (c) Definitions
- (d) Model Business Practices
- (e) Data Sets
- (f) Models

5. Retail Meter Data Validation, Editing and Estimating (*REQ 2004 AP #9, No RGQ Item*)

- (a) Overview
- (b) Principles
- (c) Definitions
- (d) Model Business Practices
- (e) Data Sets
- (f) Models

6. Load Profiling (*REQ 2004 AP #10, No RGQ Item*)

- (a) Overview
- (b) Principles
- (c) Definitions
- (d) Model Business Practices
- (e) Data Sets
- (f) Models

7. Settlement (*REQ 2004 AP #11, No RGQ Item*)

- (a) Overview
- (b) Principles
- (c) Definitions
- (d) Model Business Practices
- (e) Data Sets
- (f) Models