



EDISON ELECTRIC
INSTITUTE

Standardization in Wholesale Electricity

Status Report

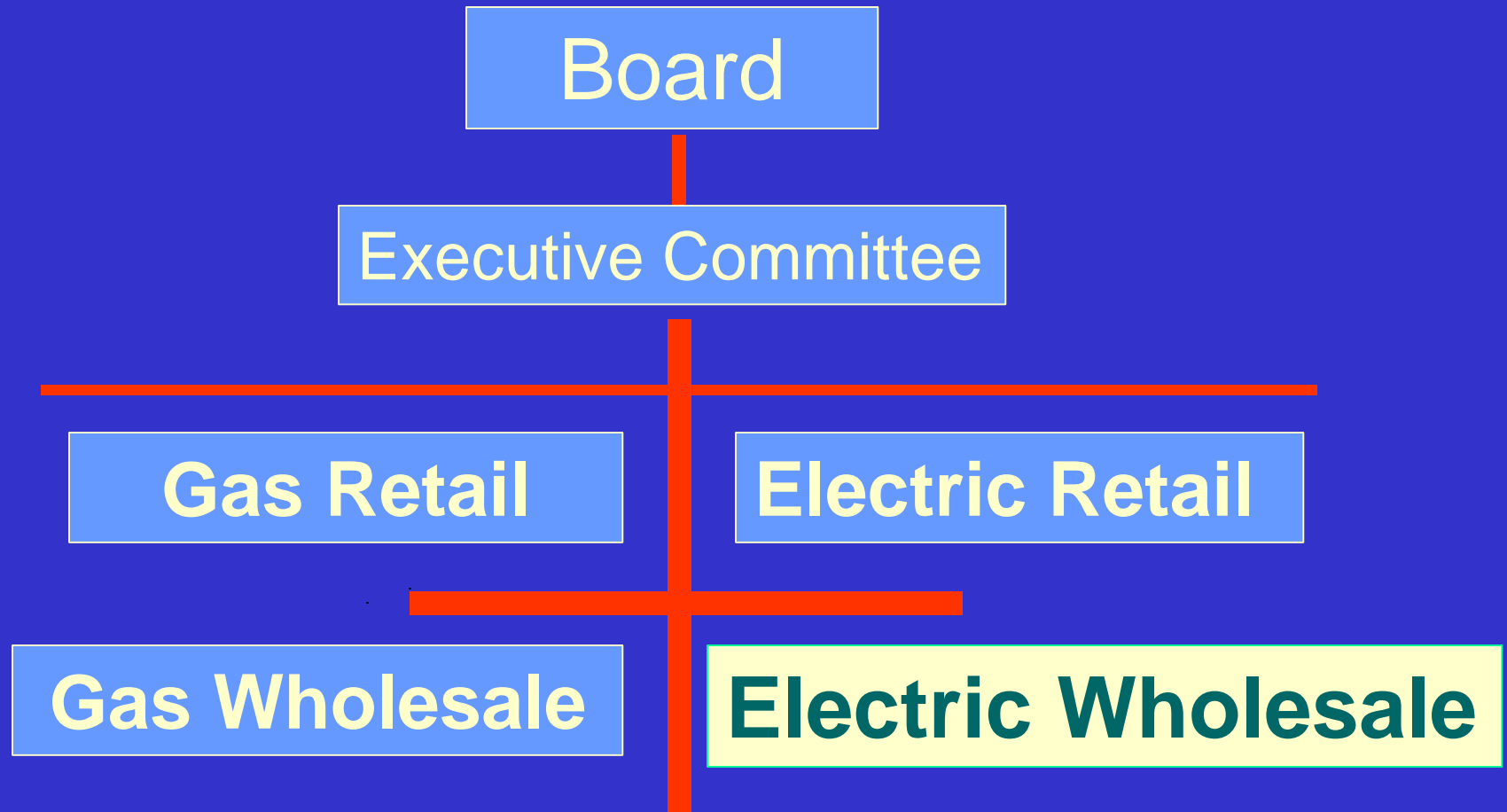
Draft Discussion Framework

Version 2.0

Bottom Line Goals

- n Agree to single, broadly supported, industry consensus proposal at FERC on March 15 to implement NAESB electric wholesale quadrant
- n Protect grid stability
- n Ensure careful management and coordination of grid and business issues

Goal: NAESB Electric Wholesale Scope and Governance Proposal



Scope and Governance: Goals and Criteria

- n Fully satisfy all FERC criteria of December 19 order
- n Establish “one stop shop” for all standards by implementing NAESB electric wholesale quadrant
- n Establish equal and coordinated treatment of business and grid integrity, recognizing inseparability of both
- n Conduct layered, sector voting under process model viewed by market participants as broadly acceptable through openness and transparency, balanced representation, fairness, and due process
- n Require records, minutes, and meeting transcriptions to provide detailed process audit trail for market and FERC

Goals and Criteria (2)

- n Accommodate activities taking place through NERC Organization Standards Manual
- n Invite NERC Operating Committee and Planning Committee to populate NAESB Subcommittees on Operations, Planning, and System Security
- n Authorize Electronic Scheduling Collaborative (ESC) to become NAESB Market Subcommittee
- n Ensure process for expedited approval for emergency standards
- n Ensure process for detailed triage for standards development

Goals and Criteria (3)

- n Ensure process includes explicit provisions for regional standards, including local variations
- n Establish appeals process on both triage (front-end) and approval (back-end)
- n Establish special expedited reconsideration provisions in appeal process for NERC of all approved electric standards
- n Ensure States identical role as with historical GISB
- n Coordinate carefully NERC non-standards projects and initiatives with standards development and approvals

December 19 order

- n FERC repeats intention to establish market design principles
- n Commission implementation through industry-backed business standardization process
 - Single industry-wide standards setting organization
 - Consensus-based standards and process
 - GISB process model endorsed
 - FERC will initiate process to choose organization if no consensus proposal by March 15

December 19 order (2)

- n Standards development process criteria
 - Open to all industry
 - Ensure due process
 - Ensure appeal process
 - Achieve consensus through balanced representation
 - Coordinate business standards with standards that impact North American grid

Electric Wholesale (EW) Quadrant

GR

ER

GW

- Five sectors -- generation, transmission, distribution, marketers, customers.
- Possible 6th sector --- RTOs.
- Each sector elects five members to quadrant Executive Committee (EC).
- Companies can subscribe to multiple sectors.
- For approval, standard requires 2/3 affirmative vote of full EC and two affirmative votes from each sector.

A Possible Subcommittee Framework for EW Quadrant

- n Market
- n Operations
- n Planning
- n System Security
- n Data and Communications

Markets Subcommittee

- n Congestion management
 - n Energy imbalance
 - n Ancillary services
 - n Operating reserves
 - n ICAP
 - n Energy losses
 - n Transmission services
 - n Secondary transmission
 - n Day ahead
 - n Market monitoring
 - n Contracts
-

Electronic Scheduling
Collaborative (ESC)
reorganized as Markets
Subcommittee

Operations / Planning / System Security Subcommittees

- n Security coordination
 - n Dispatch models / rules
 - n Line / equipment ratings
 - n Balancing
 - n Interchange
 - n Emergency planning and response
 - n Planning
 - n Modeling
 - n Event analysis
 - n Technology assessments
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Data and Communications Subcommittee

- n Market information system
- n Grid information system
- n Communications protocols
- n Databases

Due Process: Five layers of votes

- n Annual plan
 - Board / Executive Committee
 - n Triage subcommittee
 - Subcommittee of full Executive Committee; assignment
 - n Subcommittee
 - 67% approval needed; nonmembers vote
 - n Quadrant Executive Committee
 - One sector can protect itself
 - 67% approval; 40% of each sector
 - n Full membership
 - 67% approval required, members vote
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Unresolved Critical Issues

- n Roles and functions for RTOs, transcos
- n Enforcement and compliance
- n Compliance and cost recovery
- n "Timing and sequence"
- n FERC nonjurisdictional entities

Bottom Line Tensions

- n Role of NERC committees, NERC Board
- n Voting process/model