

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Categories

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### CATEGORIES OF COMPARISON

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| <ul style="list-style-type: none"> <li>• Relationship between Business Practices and Reliability Standards</li> </ul> | <ul style="list-style-type: none"> <li>• Convergence</li> <li>• Compliance and Enforcement</li> <li>• Regional Variances</li> </ul>   |
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## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Governance

### Organization

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Stakeholder Board/ Executive Committee/ Subcommittee	Same as NAESB	Board and Executive Committee in accordance with NAESB charter and bylaws	Industry Board/ Stakeholder Committee/ Standards Authorization Committee/ Standing Committees	A stakeholder board for developing business practices and an independent board for reliability may be an alternative (Bonnie Suchman - CEA).

Issues:

1. **Stakeholder versus Independent Board** -- FERC in its 12/19 order supports independent board for business practices and communication standards development? (Jack Hawks - PGE). This may be an issue for standard market design rather than for a standards organization. A hybrid board -- part stakeholder and part independent may be an alternative (J.D. Puckett). Is this a big issue? (Jim Hartwell). It may only be one if FERC considers it so. The independent board has appeal because of its neutrality (LuAnn Westerfield). A hybrid EC may also be an alternative. A stakeholder board for developing business practices and an independent board for reliability may be an alternative (Bonnie Suchman).
2. **Committees.** The role of standing committees should be considered including the nature and role of subcommittees, which should be clearly documented. (Scott Brown). The specification should include who can sit on a standing committee in addition to its role. Is it appropriate to have forums that can propose standards? (Gerry Cauley).
3. **Board.** There should only be one board (J.D. Puckett).

### Voting Methodology for Standards Adoption

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Super Majority Balanced Segments	Same as NAESB	: Largely identical to NAESB charter and bylaws. EW quadrant procedures could include initial set of subcommittees, including relationships between subcommittees and quadrant Executive Committee, and formation of working groups. Open participation and voting on standards at all subcommittee meetings; options for electronic balloting. EC with five sectors, possibly six; generation, transmission, distribution, customers, and marketers. Sixth possible sector is RTO. Supermajority affirmation required for approval and ratification at all balloting levels.	Weighted sector/independent Board adoption	<ol style="list-style-type: none"> <li>1. Voting on reliability standards may require a separate structure rather than consensus used for business practices. (Bonnie Suchman)</li> <li>2. Should state Commissions vote on standards and how do they vote? (LuAnn Westerfield)</li> </ol>

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Governance

Issues:

1. **ANSI.** Which process passes muster at ANSI?
2. **FERC.** FERC has noted that it does not support allowing a segment to block passage of a vote as a general FERC policy for RTO governance.
3. **Board Control.** Can the board over-ride standards adopted?
4. **State Regulatory Voting.** Where would State Commissions vote? Should this be added in the "Other" column per NARUC? The NARUC comments should be considered as draft. (LuAnn Westerfield)
5. **Subcommittees.** Can subcommittees stop the standards from moving forward?

### Voting Membership for Standards Adoption

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
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Issues:

### Role of NERC Board

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Separate from the NERC Board	Possible convergence with NAESB Board - hybrid	Appealable function	Separate from NAESB Board - does not approve standards	NERC responsible for setting reliability standards.

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Governance

Issues:

1. **Appeals.** The appealable function may be used for in addition to the NAESB procedures: (1) at triage for assignment, (2) to prevent bottlenecks during standards development and (3) at the end of the process to vet the standards through NERC. (EEI). This is very important should a segment be permitted to block passage of a standard.
2. **NERC Role.** It may be difficult to give up a trustee relationship for reliability issues. An independent NERC Board develops core reliability standards and basic principles -- for which it has been entrusted. The NERC Board would not agree to share this responsibility. However, a common forum could be used to develop supporting business practices. (NERC)

### Segments

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Per the Electric Wholesale Quadrant	(1) TOs/ISOs/RTOs, (2) Generators, (3) Marketers/Aggregators, (4) LSEs/Distribution, Consumers	(1) Generation, (2) Transmission, (3) Distribution, (4) Customers, and (5) Marketers.  Possible sixth; RTOs. Issue: role of vertically integrated utilities.	(1) TOs, (2) RTOs/ISOs/RRCs (3) LSEs (4) TDUs (5) Generators (6) Brokers/Aggregators/Marketers (7) Large End Users (8) Small End Users (9) Fed/State/Prov. Reg./Gov. Entities	Entergy proposal for segments – (1) gens, (2) TOs, (3) retail load service, (4) wholesale market and (5) reliability.

Issues:

1. **Membership in Segments:** How are members and non-members addressed within segments? (Scott Brown) The WESM model does not have defined subcommittees for development of standards. All meetings in the WESM model are open. The formal participants in the ballot pool are permitted to vote. (NERC). Regional balance should be reflected in the segments. (NERC). There should be a place for service providers in the segments defined. (PA PUC).
2. **Segment Responsibilities:** What other responsibilities and voting do segments support that are not related to standards approval and development? (Charles Yeung) The roles of the segments should be identified.
3. **Determination of Segments:** There should be a fair and open process for determining the segments that is clearly documented. There should be as many segments as needed and can be populated by industry stakeholders. If a segment is not adequately populated, action could be taken to make adjustments to the segments in an open, fair and clearly defined process. The process to define when a segment can be adjusted should be developed at the same time that the open, fair and clearly defined process is developed to determine how initial segments should be defined. There should be a segment defined for not-for-profit entities. (NRECA).

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Governance

### Multi-Segment Representation

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Permitted -- NAESB bylaws	Permitted	Companies can join multiple segments.	The task force has determined to allow multi-segment representation -- which also allows voting.	

Issues:

- Multiple memberships by a corporation:** Does this apply to only vertically integrated companies or to other corporations? (Including voting at the standards approval level).

### Voting Membership for Standards Adoption

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other

Issues:

### Role of NERC Board

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Separate from the NERC Board	Possible convergence with NAESB Board - hybrid	Identified as bottom line process tension. Refer to business and reliability description. Issue: "dueling" Boards, delineation of rights and obligations	Separate from NAESB Board - does not approve standards	NERC responsible for setting reliability standards.

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Governance

Issues:

1. **Appeals.** The appealable function may be used for in addition to the NAESB procedures: (1) at triage for assignment, (2) to prevent bottlenecks during standards development and (3) at the end of the process to vet the standards through NERC. (EEI). This is very important should a segment be permitted to block passage of a standard.
2. **NERC Role.** It may be difficult to give up a trustee relationship for reliability issues. An independent NERC Board develops core reliability standards and basic principles -- for which it has been entrusted. The NERC Board would not agree to share this responsibility. However, a common forum could be used to develop supporting business practices. (NERC)

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Relationship Between Business Practices and Reliability

### Convergence

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Open issue for Electric Wholesale Quadrant to decide	Convergence under single process	Not addressed specifically in framework, however, electric wholesale quadrant procedures could accommodate many alternatives. NERC could propose and/or adopt standards independently in its Organization Standards process, forward for NAESB consideration and voting. A tightly bounded set of "pure reliability" standards could be defined as exclusively reserved for development at NERC, move through NAESB on a rebuttable presumption voting process. NERC could propose standards for development in NAESB process. All electric-related NAESB standards could allow special reconsideration process for reliability issues within appeal process. NERC could identify high priority reliability themes for NAESB Annual Plan.	Converge under WESM	Strong coordination needed between efforts that establish reliability and business practice standards

Issues:

1. **Consistency:** NRECA believes that any standards setting process must ensure that business and market standards be consistent with and conform to reliability requirements and market design.
2. **ANSI:** An independent board is permissible for ANSI accreditation.

### Compliance and Enforcement

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
None. Voluntary compliance.	Facilitated by a separate organization.	Identified as critical unresolved issue.	The Board adopts reliability standards for mandatory compliance.	

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Relationship Between Business Practices and Reliability

Issues:

1. **Implementation.** The organization may have a specific implementation role. Compliance and enforcement by FERC and RTOs should be addressed.

Regional Variances				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Permitted	Permitted	Regional standards and local variations accommodated.	Permitted	

Issues:

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Relationship with Other Entities

Relationship with FERC/Canada				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
FERC and appropriate regulatory approvals	FERC and appropriate regulatory approvals	Not addressed in framework. FERC nonjurisdictional entities identified as critical unresolved issue	Regulatory entities are voting members	Process must recognize Canadian jurisdictional sovereignty with respect to standards adoption.

Issues:

1. **FERC Adoption of Standards:** How does FERC approve actions of the standards organization? Should Canada be separated for purposes of discussion? In the FERC order, it appears that the FERC believes it has jurisdiction on development of business practices in the U.S. -- and after 3/15, should the industry not determine the appropriate industry standards setting body. It has indicated it will take action.
2. **Non-jurisdictional entities:** FERC's jurisdiction with respect to non-jurisdictional entities should be explored.

Role of State Commissions				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
To be determined by the quadrant via segment definitions. In the role as regulators, state commissions are part of the Advisory Council and do not vote on approval of standards.	To be determined by the quadrant	All subcommittees open for participation and voting. Quadrant procedures to include electronic balloting. State commissions and/or NARUC could host subcommittee meetings.	State Commissions are voting members and are defined to a segment.	

Issues:

1. **NARUC Position:** Do the state commissions have segments and are they permitted to vote. State Commissions want the ability to vote at every level of the organization -- which is a NARUC position. (LuAnn Westerfield).

# Wholesale Electric Quadrant Comparison Matrix -- 1/26/02

## Relationship with Other Entities

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### Relationship with RTOs

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NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
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To be determined by the quadrant.	To be determined by the quadrant.	Identified as critical unresolved issue.	Separate Segment (RTOs/ISOs/RRCs)	
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Issues:

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## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Standards Development Process

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### A Day in the Life of a Standard

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NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
<p>Document provided.</p> <ul style="list-style-type: none"> <li>• Request is forwarded to triage for recommended assignment</li> <li>• Executive Committee acts on recommendation</li> <li>• Subcommittees develop recommended standards</li> <li>• Industry comments</li> <li>• Recommended standards voted on by Executive Committee</li> <li>• Approved standards ratified by membership</li> </ul>	Document to be provided.	Within NAESB charter and bylaws.	Document to be provided.	

Issues:

1. **Elements of Standards Development:** What is addressed in Triage? What is addressed in appeals? How is the comment process implemented? Is there a reliability check of safeguard process? Are standards forwarded to FERC and other government agencies? .
2. **Points of Voting:** The NERC WESM process includes the standards development process approved by the NERC Board of Trustees in October. The WESM NERC process provides a needs assessment process. There is a voting structure by participants in the standards authorization committee, but not by the developing team ("power of the pen"). The developing team should be open to everyone and everyone should be able to vote. Members of the standards authorization committee are elected by the members of the segments.
3. **Openness of Process:** The standards development process should be open to all participants -- and it is open to all.

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### Coordination of Standards Development Between Quadrants

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NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Coordination defined through determination of the scope of the request of a standard, joint development if appropriate and reconsideration after development if needed.		Not addressed in framework		

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## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Standards Development Process

Issues:

1. **FERC:** This issue has been raised by the FERC in its recent 12/19 order.

### Treatment of Existing NERC Standards

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Standards adoption follows NAESB process for NAESB standards.	Complete transition underway which captures essential NERC reliability elements - which would be vetted through the new process.	In general, EEI process has identified "legacy" issues as important; no specific proposal in framework	Complete transition underway which captures essential NERC reliability elements.	

Issues:

1. **Grandfathering.** Grandfathering standards is an issue. (EEI)
2. **Physical Aspects.** Physical aspects of existing standards is an issue. (EEI)

### Staff Support in Standards Development Process

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Staff is administrative providing support to the committees and subcommittees and they develop standards, stakeholders do the detailed drafting. Should additional staff be needed and Board approves such, staff will increase.	Same as NAESB.	Not addressed.	More active role for staff in shepherding standards than exists today.	Process must recognize Canadian jurisdictional sovereignty with respect to standards adoption.

Issues:

1. **Additional Support:** The electric wholesale quadrant will need significant staff support -- much more so than needed in the gas wholesale quadrant. (Jack Hawks -- PGE).

## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Standards Development Process

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### ANSI Approval

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NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
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GISB Accreditation as a Standards Development Organization transferred to NAESB.

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Issues:

1. **Timing:** When the accreditation is expected should be addressed.
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## Wholesale Electric Quadrant Comparison Matrix -- 1/26/02 Funding

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### Dues

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NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
\$5000 per member.	Same as NAESB.	Single fixed uniform annual rate for all members.	Keeping open possible tiered dues function.	

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Issues:

1. **Tiering:** Are tiered dues appropriate? .
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