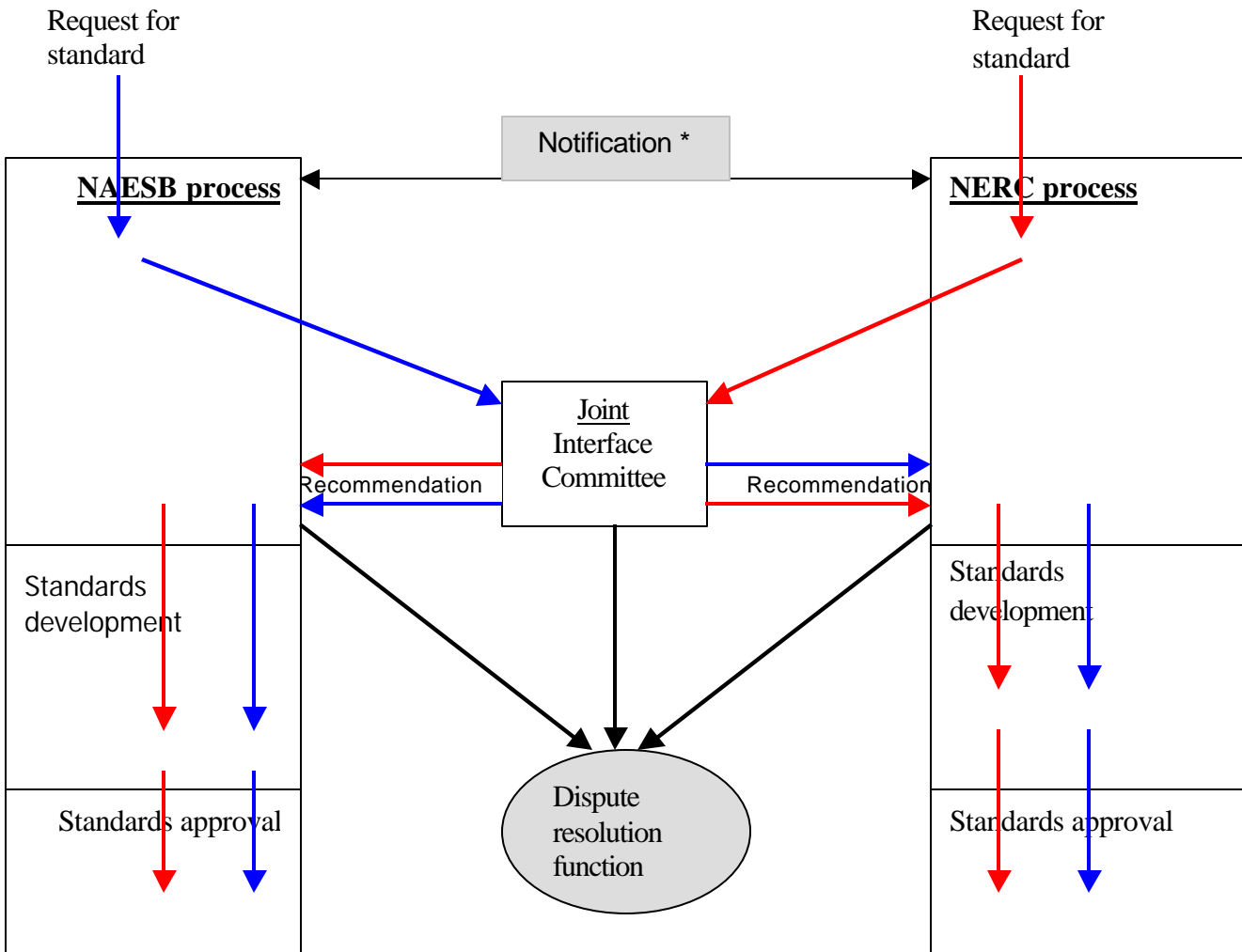


DRAFT Meeting Minutes
NAESB-NERC MOU Drafting Team
October 15, 2002
Washington, DC

Attendees:

<u>NERC</u>	<u>NAESB</u>
Richard Drouin – by phone	Bill Boswell
Michehl Gent – by phone	Dowell Hudson
Tom Berry	Gloria Ogenyi
David Cook	John A. Anderson
Glenn Ross	Michael Desselle
	Jim Miller – by phone
	Rae McQuade

1. Minutes from the October 8th meeting were approved.
2. A Communication Strategy regarding the MOU was developed.
 - a. Minutes to be distributed ASAP
 - b. NAESB to post Minutes and MOU Drafts on NAESB website with hotlinks to NERC website
 - i. Comments to be submitted to NAESB or NERC and posted on the NAESB web site
 - c. MOU will include provision for NERC website to host JIC activities with hotlinks to NAESB website
3. The 1st Draft MOU was reviewed and modified – See Attached
4. A flowchart of the JIC process prepared by NERC was reviewed and modified – See attached
5. Michael Desselle to prepare draft objective criteria for use by JIC by Friday October 18
6. The draft objective criteria will be sent out for comment by the team between October 18 and October 22 via email.
7. Future meetings – October 28, 2002 AEP offices, Washington DC, 1-5 pm



BLUE signifies a request for a standard originally filed with NAESB.

RED signifies a request for a standard originally filed with NERC.

27 Whereas, the Parties intend this MOU to be a living document and recognize that the
28 coordination procedures detailed in this MOU are likely to require revision as the Parties gain
29 experience working under these procedures; and,
30 Now therefore, the Parties agree as follows.

31

32 **1. Purpose and Principles of Agreement**

33 1.1 The Parties propose to establish a coordination process set forth in Section 2 of
34 this MOU. The coordination process is intended to eliminate overlap and duplication of effort
35 between the Parties. The coordination process will accomplish this primarily through the
36 creation of the Joint Interface Committee (“JIC”) comprised of representative members of NERC
37 and NAESB. The creation of the JIC is not intended to create delay in standards development,
38 but to facilitate efficient standards development and avoid duplication.

39 1.2 The Parties recognize that most standards have both reliability and business
40 standards and communication protocols implications. Accordingly, the JIC will evaluate each
41 proposed new standard with this recognition in mind to determine whether NAESB or NERC
42 should be assigned development of the proposed new standard. While the JIC will evaluate the
43 disposition of standards with the recognition that most standards have both reliability and
44 business standards and communication protocols implications, the intent of NERC and NAESB
45 (through the JIC) is that the coordination process should work toward the development of
46 “standards for the industry” and avoid characterizing standards, wherever possible [**PARKING**

47 **LOT ISSUE:** The JIC should recognize that there may be instances where a standard is best
48 developed with the direct input of both organizations and that there may be instances in which

49 the FERC, or some other regulatory body, might specifically direct NERC or NAESB to develop
50 a standard.]

51 1.3 It is the objective of the Parties to have the coordination process set forth in
52 Section 2 of the MOU in full operation by [DATE]. Prior to the start date, the Parties agree to
53 develop objective criteria for the assignment of proposed new standards and to appoint members
54 of the Joint Interface Committee as called for in Section 2.2. The Parties may mutually agree to
55 move the start date for the coordination process.

56

57 **2. Joint Standards Development Process**

58 2.1 The Parties agree to establish a coordination process, as set forth in this section,
59 for the development of proposed new standards and in accordance with the principles in Section
60 1 of this MOU.

61 2.2 The JIC is the central coordinator of the coordination process. The JIC shall be
62 composed of representatives from NERC holding 50 % of the votes and representatives from
63 NAESB WEQ holding 50 % of the votes. Members of the JIC will be determined by each
64 organization, with every effort to have each segment represented.

65 2.3 The JIC will approve its recommendations by a simple majority vote.

66 2.4 The JIC will meet as necessary to review each Standards Authorization Request
67 (SAR) that the Standards Authorization Committee (SAC) of NERC has approved for the
68 drafting of a standard and each standard request that the NAESB Executive Committee (EC) has
69 assigned to the Wholesale Electric Quadrant (WEQ) of NAESB. The JIC will recommend
70 whether a particular standard should be developed by NERC or by NAESB, or whether the
71 standard can be divided, with each organization developing its portion of the standard as a
72 separate standard.

73 2.5 The JIC shall evaluate all new proposed standards based on a set of objective
74 criteria that will provide guidance to the members of the JIC in determining whether the proposal
75 should be submitted to either NAESB or NERC for further development.

76 The objective criteria will allow the JIC to characterize the standard on a continuum ranging
77 from “predominantly reliability” to “predominantly business standards and communication
78 protocols”. The JIC may prioritize submitted proposals if there are urgent reliability
79 implications. The Parties will jointly develop the objective review criteria prior to the start
80 date for the coordination process. See Attached Appendix A [to be further developed].

81 2.6 Once the JIC has assigned a proposed standard to one of the Parties, that Party’s
82 respective organization becomes the development authority. The development authority will
83 then develop the proposed standard through its existing standards development process. The
84 organization without development authority will assume an advisory-only role to the other
85 organization, and is encouraged to actively participate in the development process by
86 participating in subcommittee, task force and working group deliberations as well as offering
87 comments and recommendations on any and all aspects of the proposed standard.

88 2.7 All interested individuals and entities are invited and encouraged to participate to
89 the maximum extent possible consistent with membership or registration requirements in NERC
90 and NAESB standards development activity. Neither organization places any membership or
91 registration requirement on the submission of comments on draft proposed standards.

92 2.9 The decisions of the JIC are appealable per the following provisions:

93 a. In the event of a tie vote of the JIC regarding the designation of the proposed
94 standard, the matter will be referred to the Chairmen of the Parties (or their designee(s)) for
95 resolution.

96 b. There are appellate rights if the JIC vote ranges between 51% and 66-2/3%. The
97 appeal must be brought within a ten-day period. Only a sponsor, co-sponsor, or JIC member can
98 file an appeal. The appeal will be referred to the Chairmen of the Parties (or their designee(s))
99 for resolution.

100 c. If the vote is greater than 66-2/3%, then such vote is non-appealable.

101

102 **3. Filings With Governmental Authorities**

103 3.1 Each Party shall be responsible for making the appropriate filings of the standards
104 that it develops with governmental authorities.

105 3.2 All filings must include, verbatim, any comments submitted by the organization
106 without development authority, as well as the comments of other interested parties.

107

108 **4. Information Exchange**

109 4.1 NERC will inform NAESB each year of its projected standards development
110 activity for the coming year. NERC will promptly inform NAESB of additional planned activity.

111 NAESB will inform NERC of the Wholesale Electric Quadrant (“WEQ”) annual plan each year.

112 NAESB will promptly inform NERC about amendments to the WEQ annual plan.

113 4.2 With respect to each particular request for a standard or standard development
114 action, NERC will promptly inform NAESB of the action, or the request in sufficient detail to
115 convey the subject matter of the request or action and relevant time periods and comment
116 deadlines. See Appendix B.

117 4.3 With respect to each particular request for a standard or standard development action,
118 NAESB will promptly inform NERC of the action, or the request in sufficient detail to convey
119 the subject matter of the request or action and the relevant time periods and comment deadlines.

120 See Appendix B.

121

122 **5. Costs**

123 5.1 Each individual member of the JIC shall, unless otherwise agreed, bear all of the
124 fees, costs and expenses incurred by such individual on behalf of their respective Party under this
125 MOU. Each of the Parties shall bear their own costs.

126

127 **6. Reevaluation**

128 6.1 The Parties agree to meet no later than the anniversary month of the signing of this MOU
129 to evaluate in good faith the effectiveness and efficiency of this MOU in meeting the goal of
130 coordinating the standards development activity of the two organizations and to make any
131 appropriate revisions.

132 6.2 The Parties may also agree to revise this MOU at any other time as mutually
133 agreeable.

134

135 **7. Termination**

136 7.1 Either Party may withdraw from this MOU upon [days, weeks, months, year(s)
137 [\[pick one\]](#)] written notice to the other Party and to the FERC or other appropriate jurisdictional
138 regulatory authorities. Prior to the withdrawal becoming effective, the Parties agree to meet to
139 discuss whether changes to this MOU would address the reasons prompting the withdrawal.

140

141 **8. Miscellaneous**

142 8.1 This MOU constitutes the entire agreement between the Parties with respect to
143 establishing a coordination standards development process for new proposed wholesale electric
144 industry standards and supersedes all prior understandings, proposals, negotiations and
145 communications, oral or written, between the parties or their representatives with respect to such
146 subject matter.

147 8.2 This MOU may be executed in counterparts each of which shall be deemed an
148 original and all of which together shall constitute one instrument.

149 8.3 Neither Party shall be liable for any indirect, special, incidental or consequential
150 damages arising in any way from any performance or failure to perform under this MOU.

151 8.4 The Parties agree that they will create a process whereby the notice of JIC activities and
152 documents are posted on a web site for public access.

153

154 AGREED TO This [DATE].

155

156 ***NORTH AMERICAN ENERGY***

NORTH AMERICAN ELECTRIC

157 STANDARDS BOARD

RELIABILITY COUNCIL

158

159 ***By:*** _____

By: _____

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APPENDIX A
JIC Objective Criteria

[To be further Developed]

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167
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APPENDIX B
Current Notification Criteria

NERC

NAESB

- | | |
|--|---|
| a. Receipt of a Standard Authorization Request (“SAR”); | a. Decision by NAESB Executive Committee (“EC”) to assign a standard request to the WEQ and referral to a subcommittee; |
| b. Decision of NERC Standards Authorization Committee (“SAC”) to refer the request to NAESB; | b. Activities of subcommittee; |
| c. Posting of SAR for comment; | c. Posting of draft standard for public comment; |
| d. Authorization by SAC to draft standard; | d. Submission of draft standard and public comments to EC; |
| e. Activities of Standards Drafting Team; | e. Decision of EC. |
| f. Posting of draft standard for public comment; | f. Action by NAESB Board of Directors; |
| g. Decision that draft standard is ready for ballot; | g. Filing the standard with governmental regulatory authorities. |
| h. Submission of draft standard for ballot; | |
| i. Ballot results; | |
| j. Action by NERC Board of Trustees; | |
| k. Filing the standard with governmental authorities. | |
| l. Receipt of a Standard Authorization Request (“SAR”); | |

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