

**COMMENTS OF THE AMERICAN PUBLIC POWER ASSOCIATION,  
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION AND THE  
TRANSMISSION ACCESS POLICY STUDY GROUP  
FOR  
NAESB WEQ MEETING  
MAY 8 – 9, 2002  
DENVER, COLORADO**

**May 1, 2002**

The American Public Power Association (APPA), National Rural Electric Cooperative Association (NRECA) and the Transmission Access Policy Study Group (TAPS) submit the following comments in response to NAESB's request for work papers or comments related to segment identification, segment descriptions, and number of seats for the WEQ Board and Executive Committee. Our comments focus on three critical issues: meeting and voting processes and rules for the formation stage of the NAESB WEQ, WEQ segment identification and related definitions, and other NAESB WEQ issues that if not resolved will adversely affect the ability of NAESB to develop standards that truly reflect an industry-wide consensus and protect minority interests.

**Meeting and Voting Processes/Rules for the Formation Stage of the NAESB WEQ**

We are pleased that the agenda for the May 8-9 NAESB WEQ meeting recognizes the importance of beginning with a discussion and decisions on meeting procedures and on meeting voting processes/rules. Because the NAESB WEQ is in the formation stage, meeting procedures and voting processes/rules must be developed by the meeting attendees.

In that light, the meeting attendees (in person and on the phone) must develop a consensus on these rules before the meeting can proceed to address any other issues regarding the formation of the NAESB WEQ. We believe that adherence to Robert's Rules of Order or similar well established procedures for conducting large meetings is necessary to ensure a fair, open and clearly defined meeting process in which all participants can have confidence.

Although the April 5 meeting utilized a voting process defined by NAESB, we believe that the meeting attendees must arrive at a consensus on the appropriate voting process for decisions related to formation issues of the NAESB WEQ. Based on the discussion at the April 5 meeting, it was apparent that the NAESB-implemented two-thirds majority vote of those in attendance needed for passage did not necessarily satisfy the meeting attendees' definition of an industry consensus. Any voting process for the formation stages of the NAESB WEQ must result in an industry consensus on the many critical issues we are discussing. The discussion on voting process should address the possible use of a weighted segment voting process or other consensus development voting processes that provides fair representation for all meeting attendees.

We also support the use of a professional facilitator for at least the NAESB WEQ formation meetings and possibly for future NAESB WEQ meetings.

## **Segment Identification and Related Definitions**

At the April 5 meeting a non-binding straw poll vote was taken on the Electronic Scheduling Collaborative segment strawman proposal. The proposal passed with a one vote margin according to the voting process NAESB implemented for the meeting. However, there were also at least three other strawman segment proposals that were proposed, but not voted upon. At the May 8-9 meeting, after meeting and voting processes/rules are determined, all strawman proposals and other segment designations not included in the strawman proposals should be discussed and voted on to determine the appropriate initial NAESB WEQ segments and definitions.

We believe that the following segments and definitions (each of these segments could also have subsegments) should be included in the initial NAESB WEQ segment proposal for NAESB Board approval:

**Generators** – Any entity that is engaged in the activity of owning and/or operating electric generation facilities.

**Governmental Entities** – Any federal, state, local and provincial regulatory or other governmental entities including state public utility commissions and consumer advocates.

**Large End Users** – Any retail customer that receives service at 50 kV and above that is not purchased for resale. Such customer must use at minimum 50,000 MWh annually.

**Load Serving Entities** – Any entity serving end-use customers under a regulated tariff, a tariff governed by a regulatory body, local governing body or local board, or other entities with a legal obligation to serve, and any G&T Cooperative or joint action agency if designated by a member of such G&T or joint action agency.

**Marketers/Brokers/Aggregators** – Any entity that buys, sells or brokers energy and related services, including risk management, for resale in wholesale or retail markets.

**RTOs/ISOs/Regional Reliability Councils (RRCs)** – Any entity authorized by the appropriate regulator to operate as an RTO or ISO, and RRCs that are members of NERC.

**Small End Users** -- Any retail customer that receives service at a level below 50 kV that is not purchased for resale. Such customer must use must be less than 50,000 MWh annually. This segment can also include state consumer advocates.

**Transmission Dependent Utilities (TDUs)** – Any cooperative, municipal or investor-owned utility that has a regulatory, contractual, or other legal obligation to serve wholesale or end-use customers, and that depends primarily on the transmission systems of third parties to provide this service.

**Transmission Owners/Providers** – Any entity that owns or controls transmission facilities and has an open access transmission tariff or equivalent on file with a regulatory authority. This includes transmission owners that have placed their transmission facilities under the operational control of an RTO/ISO; and ITCs, merchant transmission developers and other transcos that are not an RTO/ISO.

### **Other NAESB WEQ Issues**

While there are many important issues that need to be addressed by the meeting attendees at the May 8-9 meeting, it would be beneficial to discuss whether or not the NAESB WEQ should permit multi-segment membership for single corporations/entities with multiple business interests. We are concerned that if segments are not appropriately defined, many segments could be dominated by the entities that have the ability on a financial, personnel and time basis to join multiple segments. Such an outcome would deprive NAESB of the ability to present the standards that result from its processes as reflecting an industry-wide consensus.

We also believe that discussion is needed on the one-segment veto provision in the NAESB Bylaws. This existing provision may artificially limit the appropriate number of segments for the NAESB WEQ due to concerns by some in the industry. We firmly believe that the WEQ requires more segments than the other quadrants in NAESB due to the existing wholesale electric industry structure. However, the number of appropriate segments may change in the future as the industry matures and as more trust is developed among the participants in the wholesale electric quadrant. Notwithstanding other segment-related proposals minimizing this issue, one way to address these concerns would be to revise the one-segment can veto provision to require at least two segments to satisfy the veto provision.

Respectfully submitted,

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