

Suggested Revisions to Section 2.3 (and related provisions) of EPSA Draft WEQ Procedures (v. 1.2) regarding segment definitions and participation -- submitted by Southern Company

Below are suggested revisions to Section 2.3 of the EPSA draft WEQ procedures (version 1.2) as discussed in the April 30, 2002 EPSA NAESB WEQ conference call. These revisions permit an entity's participation in multiple segments but ensure that the representative of a member participating within any segment that an entity has joined must work for the function that the segment encompasses. These revisions are presented within the context of the six-segment structure contained in version 1.2. These changes are interlineated below.

“2.3 Segment Organization and Membership Requirements

The WEQ Segment organization operates under the following principles:

- The segment structure and composition should support an efficient standards development process that includes appropriate remedies for appeal.
- All ~~interested persons~~ **entities** with a direct interest in wholesale electric industry standards and operations are eligible for participation as voting members in one **or more** of the following segments provided they meet the respective definitional requirements outlined below. **In the event that an entity is eligible and chooses to join more than one segment, it must pay separate membership dues for each segment that it joins.**
- All segments represent functional activities associated with the wholesale electricity market. **The representative of a member must be a person employed in the function applicable to the particular segment.**
- Prospective members shall declare the segment with which they are to be identified.
- Each segment shall have a set of operating procedures that shall be incorporated into, but subordinate to, these WEQ procedures.
- A member shall have the opportunity to change segments annually, at the beginning of each calendar year, provided that the member meets the new segment requirements.

A. End-Use Consumption/Customer Interests

Persons that consume electricity; any entity that is eligible to receive electric energy at wholesale; and entities that represent customer interests, including: trade organizations; persons who regulate electricity sales at the retail level; persons who are elected state officials; persons who advocate on behalf of consumer interests; or persons who work in state energy offices.

B. Distribution/Load-Serving Entity

Any entity ~~primarily~~ **substantially** engaged in the activity of delivering electric energy to wholesale and/or end-use customers, including persons engaged in the local distribution of electricity and in merchant sales of electricity to end-use customers **provided that the representative of a member of this segment must be a person employed in the distribution or load-serving function of the member** – e.g., load-serving entities such as utility distribution companies, electric cooperatives, municipal electric authorities, transmission-dependent utilities; public utility districts and other public power entities, and competitive retail companies.

C. Transmission Service/Owner-Provider

Any entity ~~primarily~~ **substantially** engaged in the activity of owning bulk transmission facilities, and/or providing transmission service to customers of the North American bulk power system **provided that the representative of a member of this segment must be a person employed in the transmission function of the member** – e.g. transmission-owning utilities, for-profit transmission-only companies, non-profit/publicly owned transmission entities.

D. Power Generation

Any entity that is ~~primarily~~ **substantially** engaged in the activity of owning and/or operating electric generation facilities **provided that the representative of a member of this segment must be a person employed in the generation function of the member** ~~and that has no operational control over significant transmission facilities on the North American bulk power grid~~ – e.g. state or municipally regulated utility generation; merchant generation companies; not-for-profit wholesale generation companies.

E. Power Marketing/Risk Management

Any entity that is ~~primarily~~ **substantially** engaged in the activity of buying and selling electric energy at the wholesale level **provided that the representative of a member of this segment must be a person employed in the marketing function of the member** ~~and that has no operational control over significant transmission facilities on the North American bulk power grid~~ – e.g. power marketers; entities that provide risk management services on behalf of themselves and/or their LSE or end-use customer clients; brokers; municipal or for-profit load aggregators.

F. Grid-Market Operations/Reliability

Any entity that provides technical services or support to wholesale power industry operations, including bulk power grid operations and wholesale market operations – e.g. RTOs, ISOs, NERC Regional Reliability Councils, equipment manufacturers; equipment vendors; operating system and software providers; utility, economic, financial or market operations consultants; other companies or individuals not otherwise eligible for membership in another Segment who provide technical services to the industry.”

Although the following suggested revisions were not discussed in the EPSA hosted conference call, they do seem appropriate to reflect the same understanding of Board and EC membership requirements as representation in the segments that are reflected in the section 2.3 segment definitions.

7.2(B) One Member, One Seat Per Quadrant [Board of Directors]

No two Directors elected by the WEQ may be employees of the same Member holding membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two Directors from two affiliated companies or separate functions within a ~~holding~~ company having individual Member status, or from two companies with a parent-subsidary relationship, provided that the two Directors from companies with such a relationship or functions within a company represent Members of different Segments.

10.2(B) One Member, One Seat Per Quadrant [EC]

No two EC Members elected by the WEQ may be employees of the same Member holding membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two EC Members from two affiliated companies or separate functions within a ~~holding~~ company having individual Member status, or from two companies with a parent-subsidary relationship, provided that the two EC Members from companies with such a relationship or functions within a company represent Members of differing Segments.