

APPA-NRECA Principles for Design of NAESB WEQ
May 23, 2002

Principles:

- The WEQ must focus on standards for Business Practices and Communication Protocols raised by FERC's Standard Market Design
- Reliability standards remain the province of NERC, but close coordination between NERC and NAESB is required
- Arrangements for coordination between NAESB and NERC should be developed after the WEQ is formed.
- Group broadly related stakeholders with congruent *commercial interests* in same segment
- Establish larger number of subsegments to ensure inclusiveness and direct voice on the Executive Committee for minority interests within segments
- Allow multiple segment participation by affiliates and business units within single company (as permitted by NAESB), but no affiliated business group may have multiple seats on the NAESB Board or WEQ Executive Committee or participate in more than one subsegment within a single WEQ segment
- Six representatives to WEQ Executive Committee per segment, with designated seats for the constituent subsegments.
- Subsegments established through the WEQ formation process, not left to segments.
- Initial subsegments within a segment can be changed through a supermajority vote of registered segment members and a majority vote of the members of each affected subsegment, subject to the concurrence of the entire WEQ.
- Positive resolution of the following issues is needed to obtain support for the WEQ among smaller entities:
 - Commitment to a WEQ professional staff for drafting SMD business practices.
 - Tiered dues structure based on some measure of member organization size
 - Pursue RTO funding of WEQ activities through Grid Management Charges, with WEQ Board and FERC annual review of the budget
- Buy-in by each identified stakeholder group before the proposed WEQ design is sent to the NAESB Board for approval as an industry consensus.