



North American Energy Standards Board

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Home Page: www.naesb.org

via email

TO: NAESB Wholesale Electric Quadrant (WEQ) Board of Directors and Executive Committee Leadership

FROM: Rae McQuade, NAESB Executive Director
James Cargas, NAESB Deputy Director

RE: NAESB WEQ Board of Directors and Executive Committee Leadership Meeting

DATE: May 2, 2004

Dear NAESB WEQ Board and EC Members,

A WEQ Board and Executive Committee (EC) Leadership meeting was held on April 30, 2004. The meeting provided a forum for WEQ Board members and EC subcommittee leadership to discuss quadrant-specific topics in advance of the May 4, 2004 NAESB EC meeting. The following notes and assignments resulted from the meeting.

Board and EC Leadership Meeting

Friday, April 30, 2004

- Mr. Desselle opened the meeting. Mr. Cargas gave the antitrust guidelines. The draft agenda was adopted by consensus.

IIPTF and BPS Updates:

- Mr. Desselle and Mr. Cox summarized the status of the Business Practices Subcommittee (BPS) and Inadvertent Interchange Payback Task Force (IIPTF) efforts and NAESB's coordination with NERC on adoption of version zero of the business practice standards corresponding to NERC's adoption of version 0 of the reliability standards.
- With regards to IIPTF, Mr. Cox said the task force was in the final stretch of narrowing down price mechanisms, determining how to structure funds, and a few other issues. The goal is to have a recommendation ready for balloting by October. The next meeting is on May 5-6 in Juno Beach, Florida.
- With regards to BPS, Mr. Desselle said the kick off meeting was scheduled for May 11 in NAESB's Offices in Houston, Texas. He expects good participation from NERC members. NAESB members need to send people and commit resources towards the drafting teams. Unlike NERC, Ms. McQuade noted, NAESB drafting teams are open to all who want to participate.
- Mr. Cox is the non-voting member and NAESB representative on NERC's drafting team for their version zero. [The office will also ask for Mr. Dison to be added as a second non-voting member representing NAESB on the NERC Level 0 drafting team.] They will track the business practices identified from this effort, as should other NAESB members with people on this team, who are representing NERC. Meetings are scheduled for: May 20-21, June 9-11, and June 28-30, as well as at least one meeting in early August and another in late



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October. The full schedules of NERC meetings are contained in Tab 10 of the EC Book, per Ms. Rehman.

- Ms. McQuade said the NAESB Office will begin drafting a request based on NERC's SAR. It will go before the Joint Interface Committee (JIC) and EC before BPS begins drafting. NAESB's processes will not be side stepped in adopting our version zero. The next JIC conference call is scheduled for May 18, but may be moved back.
- Mr. Scott Brown reported that the ISO/RTO Council (IRC) is behind NERC and NAESB's version zero approach.

Participation & Triage Process Amendments:

- Mr. Desselle described how Triage Committee calls rarely meet quorum and must be treated as "working sessions" with a notational ballot sent out after the call. The WGQ is the only quadrant that meets quorum consistently. This places a burden on staff and slows the process down needlessly. Other standards organizations address similar attendance issues by sending out notational ballots that treat non-votes as either a vote in support of the majority decision taken at the meeting, or a vote in support of the proposal. Of course, this procedure would not preclude an individual from voting to abstain.
- Mr. Desselle reported that the Parliamentary Committee has recommended reconfiguring the Triage Committee as a committee-of-the-whole EC. It also recommended treating non-votes as having voted with the majority to reward members who attend meetings and calls. An alternative proposal by Mr. Buccigross would reconfigure the Triage Committee as just the four quadrant chairs.
- Ms. McQuade noted that reconfiguring the Triage Committee and adding the language to the notational ballots would not require any amendment to the Certificate or Bylaws, or re-certification by ANSI. She further clarified that this would really be collapsing the Triage vote and the EC's ratification vote into one process. The changes to the notational ballots would be limited to triage determinations and EC approval of triage determinations.
- Ms. Ogenyi stressed the importance of educating the EC members about the proposed changes.
- Mr. Dotterweich concluded that these changes would encourage his management to commit more resources to NAESB's activities.
- With regards to general EC and Board attendance, Mr. Fusco recommended taking the additional step of enforcing the Bylaw provisions for removing an EC or Board member for failing to participate. The consensus was that candidates who will be more active will be sought for the upcoming fall elections before such action would be taken.



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Membership:

- Mr. Desselle summarized events during the formation of WEQ when a proposal to add a 6th segment for ISO/RTOs was defeated because it was assumed that they could join any of the segments. However, the WEQ further allocated the board and EC seats by subsegments, and those subsegments are defined such that it effectively blocks RTOs/ISOs/RROs and services from declaring as candidates for seats. Mr. Desselle stated that the general consensus remains against creating a 6th segment. However, the ISOs, RTOs, RROs and services deserve an opportunity to be seated on the Board and EC.
- Accordingly, Mr. Desselle proposed creating an additional seat in each segment as an “at-large” subsegment seat. This can be accomplished without modifying the Bylaws or Certificate, and would require only changes to the quadrant procedures. He and the Parliamentary Committee remain open to other suggestions.
- Mr. Ken Brown and Mr. Scott Brown supported the proposal as a middle ground that allows them to hold seats in each segment in which they participate. The ISOs and RTOs have been bringing resources to NAESB, serving in subcommittee leadership roles, preparing and contributing to work papers and should be given the opportunity to be seated at the EC and Board.
- Mr. Cobb expressed concern that the ISOs/RTOs could potentially hold a total of 5 seats on the EC and Board.
- Mr. Fusco, Mr. Dison and several others suggested careful definitions of “at-large” so that the candidate must have a legitimate business interest in the segment being applied for.
- Mr. Desselle and Ms. McQuade concurred, that the requirements for each segment will remain unchanged and must still be complied with. They would anticipate the ISOs and RTOs only qualifying for the Transmission or Marketer/Brokers segments. The others would be open to service companies. Mr. Dison could see them fitting the definition of the Generation segment too.
- Ms. Ogenyi recommended the IRC surrendering their seat on the JIC in exchange for the NAESB EC and Board seats. Mr. Desselle noted that several NERC members also sit on NAESB’s EC and Board without possessing undue influence on the JIC process. Mr. Ken Brown also noted that they hold 3 seats on NERC’s Board.
- Mr. Dotterweich suggested the Transmission segment reallocate their subsegments to make room for the ISOs and RTOs. They would hold elections at the segment, not subsegment, level. Mr. Desselle and other members of that segment disagreed. Ms. McQuade noted that this would still leave the service companies without the opportunity to hold seats on either the Board or EC. Mr. Cobb noted that the ISOs



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and RTOs could never muster the votes to be elected given their small numbers.

- Mr. Lawson noted that the vote to create a 6th segment was close and that this may be an option revisiting. Mr. Dison raised concerns that the 6th segment composed of only the ISO/RTO group would be small and it would put veto power in the hands of only a few entities. He has the same concern with the end-users segment due to low participation. Similarly this option does not address participation of services companies.
- Ms. Ogenyi raised concerns on both proposals, unless the ISO/RTOs can be excluded from being seated in every segment, as she noted that they do not participate in each segment. Others disagreed. Once again, her remarks did not address service companies that would be included in the at large seats.
- Mr. Cobb and Mr. Lawson suggested amending the 40% voting provision so that no single segment could veto a standard, but two segments could. NERC is ANSI approved and has much less strict voting provisions. Ms. McQuade explained that such an amendment would require amending the Certificate and Bylaws, and then seeking re-certification by ANSI. Amending the Certificate alone requires 75% approval of each quadrant and 40% of each segment on the Board, and ratification by 90% of the membership. Once that is attained, the ANSI certification as an standards development organization (SDO) would be revisited by ANSI. Following this option could take several years.
- Mr. Scott Brown suggested taking the quickest path to getting ISOs and RTOs on the EC and Board. NAESB cannot allocate too much of its resources to this topic given the current work load.
- Consensus was reached that each of the two proposals, and the possible adjustments, should be drafted for the full EC and Board to consider at their next meetings. Non-binding straw votes may be appropriate before taking action as outlined in the WEQ Procedures and the EC may be asked to take such a straw vote at the upcoming May meeting.
- Should the quadrant procedures be changed regarding one of the two proposals, those procedures would be amended as outlined in Section 18 of the WEQ Procedures.

Board and EC Leadership Meeting

Friday, April 30, 2004

Action Items:

- The NAESB Office will draft a request based on NERC's SAR for Level 0 Reliability Standards Development before the May 11 BPS meeting.
- The proposed changes to the Triage Committee's configuration and language to be added to future triage notational ballots will be discussed fully at the May 4 EC meeting.



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- Ms. McQuade and Mr. Desselle will draft several proposals for the EC to consider on May 4 for the inclusion of ISOs, RTOs, RROs and services companies on the EC and Board. This consideration will only be a straw vote. The determination of amendments to quadrant procedures would follow Section 18 of the WEQ procedures.

Attendance:

	<u>Attendee:</u>		<u>Organization:</u>	<u>Quadrant:</u>
1	Scott	Brown	Exelon	WEQ Board
2	Michael	Desselle	American Electric Power	WEQ Board
3	Arthur	Fusco	Central Electric Power Coop.	WEQ Board
4	Mike	Grim	TXU	WEQ Board
5	Joe	Hartsoe	American Electric Power	WEQ Board
6	Gloria	Ogenyi	Connective Energy Supply	WEQ Board
7	Steven	Cobb	Salt River Project	WEQ EC
8	Ed	Davis	Entergy	WEQ EC Alt.
9	Joel	Dison	Southern Company	WEQ EC
10	Alan	Johnson	Mirant	WEQ EC
11	Clay	Norris	North Carolina Power Agency	WEQ EC
12	Lou	Oberski	Dominion	WEQ EC
13	Tony	Reed	Southern Company	WEQ EC
14	Barbara	Rehman	Bonneville Power Admin.	WEQ EC Alt.
15	Tom	Ringenbach	American Electric Power	WEQ EC
16	Ken	Brown	PSEG	
17	Christopher	Burden	William Gas Pipeline	
18	James	Cargas	NAESB	
19	Phil	Cox	American Electric Power	
20	Andrew	Dotterwiech	Consumers Energy	
21	Barry	Lawson	NRECA	
22	Richard	Martin	Tennessee Valley Authority	
23	Rae	McQuade	NAESB	