



# NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

## Interchange Standard and Business Practices Meeting

April 21, 2004  
San Diego, California

### Minutes

#### Welcome and Introduction

Monroe Landrum chaired the meeting. Mr. Landrum welcomed the group and requested introductions.

The chair reminded the group that the meeting is being held under NERC and NAESB Antitrust Compliance Guidelines. The meeting notice, agenda, and attendance list are affixed as **Exhibits A, B, and C**, respectively.

The agenda was approved.

#### Purpose of the meeting – Monroe Landrum

The chair reviewed the purpose of the meeting, which is to continue the coordination process to ensure that, “the development of business practice and reliability standards is coordinated and harmonized with the development, approval, and implementation of ISO and RTO policy and that every practicable effort is made to eliminate overlap and duplication of efforts.”

As new standards are being developed, NERC must ensure that NAESB business practices are in place to coordinate with reliability practices. Also, while tools are not part of the standards, we must consider the tools that will be used to implement the standards. Version 0 of the standards will expedite the standards processes for NERC, NAESB, and the ISO RTO Council. Version 0 must be developed in a coordinated manner — especially for interchange.

#### Accelerated Standards Transition – Gerry Cauley

Gerry Cauley, Director of Standards for NERC, explained the transition process for Version 0 of the standards (**Presentation 1**). A discussion followed about the timing of this process. Mr. Cauley emphasized that Version 0 must not change the requirements or contain new requirements in current policy, appendixes, and compliance templates.

The group discussed Policy 3 and if the Interchange groups should develop a Version 0 for Policy 3 or go straight to Version 1. P3V1 would incorporate the NAESB Request for Interchange (RFI) business practices and the Coordinate Interchange Standard 400 as the submittal for Version 0. The group also discussed the IA and how the IA would be implemented under P3V0.

Policy 3 does not currently include the interchange authority function. Version 0 will need to contain not only ‘What’ but ‘How’ if it is to replace Policy 3. Mr. Cauley noted that the Interchange Subcommittee could submit options to the Standard Authorization Committee for Version 0.

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**Action:** Schedule a conference call for the leaders of the CI Standard DT, CI BP TF, IS, and ESS to discuss what should be submitted to the Version 0 drafting team, which is due by June 4.

### **Reliability and Business Groups Coordination – Joel Dison**

Joel Dison, one of the chairmen of the NAESB Electronic Scheduling Subcommittee (ESS), reported on the essentials for a coordinated effort by NERC and NAESB to address OASIS II (**Presentation 2**). The Joint Interface Committee, in March 2004, assigned OASIS II commercial issues to the NAESB ESS and the Information Technology Subcommittee (ITS). Mr. Dison provided a history of OASIS, the work of the Electronic Scheduling Collaborative and the OASIS Scheduling Collaborative, and provided an overview of the eight current and future documents that will be needed for OASIS II.

Mr. Dison explained how OASIS II relates to the Functional Model and developing Version 0 of the standards. OASIS II is the market interface structure for reservations and scheduling. NERC and NAESB groups must ensure that “gaps” are addressed e.g., timing and tools and other risks. The risks must be addressed for a smooth implementation to OASIS II. Mr. Dison noted that the participation of the ISO RTO Council is critical to the successfully developing and implementing OASIS II.

Mr. Dison discussed the scope of OASIS II including target dates and noted that existing tools should be maintained until replaced by OASIS II modules. A “joint” vision statement for OASIS II will be posted for public comment soon. OASIS II integrates interchange scheduling, as scheduling includes the handoff of required data from the commercial entities for reliability implementation of energy flows.

**Action:** The chairmen of the joint groups will write to the industry on the ongoing efforts to develop OASIS II. The letter will include the following items:

- What is OASIS II
- OASIS II web sites
- NAESB is facilitation the process
- How you can participate

The letter will be sent to the chairs of the NERC Standing Committees, NERC Regions, NERC Roster, and the IRC.

### **Interchange Issues and Concerns – Subcommittee Chairman**

**Roman Carter, Chairman of the Coordinated Interchange Business Practices Task Force (CIBPTF)**, reported on the NAESB business practices Request For Interchange (RFI) (**Presentation 3**), and Standards Reference Table (**Presentation 4**). The RFI introduces a new function, the Market Assembly Function (MAF), and the CIBPTF used the Sink BA and Source BA throughout the RFI. Mr. Carter discussed the Market Assembly Function and the tasks the function will perform. The Market Assembly Function, much like the PSE, will submit the RFI to the IA for bilateral Interchange.

The following items were discussed:

- How is interchange that has already been submitted to the IA adjusted?
- All parties must agree to any changes.
- Between the time the MAF sends interchange to the IA and when the interchange is ready to flow the interchange parameters could change (flowgates overload etc.).
- Approval entities may change their mind and the interchange may no longer be balanced; if so, and the IA is informed, then the IA will communicate that information to the BA and the other approval entities.

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- The MAF obtains approvals and then the IA verifies the approvals.
- Does the clock start at the moment that everyone sees the interchange from the IA? The starting clock refers to the timing requirements in the RFI.
- When the last verification to the IA is received; then, it is a Confirmed Interchange and submitted to the BA.

### **Market Assembly and Interchange Authority Functions**

The CIBPTF Standard RFI Flow Diagram shows communications before the Arranged Interchange between the Market Assembly and the BA and RA for market (**Presentation 5**).

### Discussion

- The MAF may receive approvals but the IA will receive approvals as the interchange applies to reliability — this is approval for reliability.
- See the CI Standard – 403 1.1 and its Measures —the timetable starts when the IA sends the Arranged Interchange to the reliability entities.
- The PSE picks the IA; therefore, you may identify the IA as a market function.
- If the IA does not do its job then the PSE may pick another IA.
- From the reliability side there is no such thing as a clock. All the IA is required to do is have the approval of the functional entities — BA, RA, TSP — the clock is a feature of the market.
- The resolution of the issue of what the MAF submits and receives approval for may require a change in the CIBP Standard. The group needs to answer:
  - Who is responsible to distribute what to the reliability entities? What do the reliability entities agree to or verify when the market sends a request?
  - What do the entities agree to or verify when the IA sends a request?
  - Do we really want to send two copies of the same data for a function to approve or verify?
  - When does the timing start?
- Depending on the answer to these questions, the CI BP standard may violate the FM.
- Does the PSE send an interchange to the BA and say can you approve this and there is a timing requirement and you must adhere to those requirements?
- The timing requirements are times that apply only if we are using the tools that we are using now.
- No one wants to get two sets of the same data to approve twice. This is a big mistake for the industry.
- Approval issues could be solvable in the implementation.
- No matter what happens with market approvals, the IA must receive the approval from the entities for reliability.
- If the IA defines how I will receive the information, then the format for approvals may be implemented easier.
- Can a market entity request approval without going through an IA? Cannot the market ask for approval and then the IA simply ask for verification of those approvals?

**Ed Davis, Policy Consultant for Entergy Services**, discussed the following concerns dealing with the NERC and NAESB Coordinate Interchange draft standards:

1. The Standards do not seem to interface properly with each other.
2. The NAESB standards have not assigned the existing E-Tag timing requirements contained in NERC Operating Policy “Appendix 3A1 – Tag Submission and Response

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Timetables” to the appropriate Functional Model entities, leaving holes in the process that will cause future problems.

A diagram illustrating the problems with the standards and a write-up explaining the problems are affixed as (**Presentation 6** and **Presentation 7**).

**Action:** The Coordinate Interchange SDT should resolve these questions with the ESS or other NAESB groups. If needed, the groups should draft questions to the Functional Model Review Task Group on the issues surrounding the arrangement of Interchange and the IA function.

**Mike Oatts, Chairman of the Coordinate Interchange Standard Drafting Team (CISDT)**, discussed the issues facing the drafting team and how the group plans to respond to comments to the first posting of the standard (**Presentation 8**). Mr. Oatts noted that the drafting team would meet on May 4–5 and will discuss the IA question assigned to the group at that meeting.

**Karl Tammar, representative from the ISO/RTO Council (IRC)**, provided a presentation on the IRC seams issues that must be addressed (**Presentation 9**). Many of those issues deal with interchange and OASIS II. The IRC is working regionally to resolve these issues. Mr. Tammar noted that resolving seams issues or seams management will incur costs, so it harder than in the past to address these issues.

**Doug Hils, Chairman of the Interchange Subcommittee (IS)**, discussed the hot items the IS will address at its meeting. Gerry Cauley’s presentation on Version 0 verified that the IS had much work to translate Policy 3 into FM terminology.

**Action:** The Interchange Standard and Business Practice groups will meet again soon before the subcommittee work is due to the Version 0 SAR drafting team, which is June 4 in either St. Louis or Kansas City.

**Action:** Schedule a conference call (2 p.m. EDT; WebEx for two hours) before the June 4 deadline to finalize the document to be submitted to the SAR drafting team. The date will be set soon.

### **Interchange Authority Function**

John Simonelli led the discussion, by speakerphone, on the IA function including a review of the IA Function white paper (Presentation 10). The paper was drafted after reviewing the interoperability and compatibility issues with the IA.

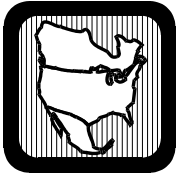
The discussion that followed included:

- The IA is no more than a data process function (a portal that moves data); it just moves data in a timely manner.
- The IA does not really do anything with the data. IA takes balanced schedules and hands those off to the proper functions, receives confirmations, and the sends the Confirmed Interchange to the BAs.
- The function is to move the data; therefore, it looks like it needs to be a black box (Tag Authority).
- The most efficient way to do this is through a single entity. A BA does not want to receive interchange from 150 IAs. One IA would ensure that interchange would be sent to the BAs and would be more likely to ensure that the interchange is correct.
- An entity must be responsible for the function if the IA is a machine.

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- The IA must check to ensure that all TPs agree with the Interchange. It should be the PSE that acquires this transmission. If the PSE skips someone in the chain for transmission it is not the IAs fault that this was not checked?
- The IA must verify that the data is valid. The standard says that this must be checked. If one function says “no” then the Interchange does not flow.
- The IA is a market function and therefore the market may want to be an IA.
- Is there a role for human intervention? It is not mandated, nor is it denied.
- Once NERC certifies what the IA function is responsible for; then, the responsible entity can be a machine or a human (it doesn't matter).
- The market will decide how many IAs will exist.
- For operations, one IA is optimal (better). If the BA is dealing with multiple IAs there could be problems with reliability and ensuring that balanced schedules are being submitted.
- The IA may provide additional services or functions that the IA offers but this would be on the market side. For reliability, the IA needs to be a single entity, ensuring that all BA are receiving data from a single source.
- NAESB has a “Market Assembly Function,” which receives and verifies all market data and then provides the balanced interchange to the IA. This MA may provide those services mentioned above.
- Having multiple IAs is analogous to multiple OASIS sites. Is it efficient for the market to go to each OASIS site or would it be better to have one?

Gordon Scott  
NERC Facilitator



## Exhibit A

### NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

March 3, 2004

Dear Interchange Subcommittee Members:

#### Interchange Subcommittee April 2004 Meeting Announcement

PLEASE COMPLETE THIS REGISTRATION FORM IF YOU PLAN TO ATTEND THE IS MEETING. ALL FORMS MUST BE RETURNED BY **March 30, 2004**. PROXIES AND GUESTS MUST ALSO REGISTER.

<b>Name:</b>	<b>Company:</b>	<b>Please check the appropriate box:</b> <b>Voting Member:</b> <input type="checkbox"/> <b>Non-voting Member:</b> <input type="checkbox"/> <b>Proxy:</b> <input type="checkbox"/> <b>Name of member you are representing:</b>
<b>Title:</b>	<b>Email:</b>	

**Location:**

Hyatt Regency Islandia  
1441 Quivira Road  
San Diego, California 92109  
Phone: 619-224-1234/800-233-0348  
Fax: 619-221-4841

**Schedule:**

Wednesday, April 21, 2004 — 8 a.m.–5 p.m.  
(Interchange Standards & Business Practices Meeting)  
Thursday, April 22, 2004 — 8 a.m.–5 p.m.  
Friday, April 23, 2004 — 8 a.m.–noon

The hotel is holding a block of rooms for the nights of April 22–24, 2004 for a rate of \$157 single/double occupancy. The cutoff for sleeping rooms is **Tuesday, March 30, 2004**. Check in is 4 p.m., and checkout is noon.

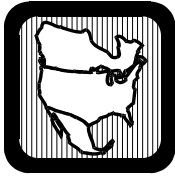
- **San Diego International Airport (SAN):** Approximate driving time is 15 minutes (six miles).
- **Driving directions from San Diego International Airport:** Exit airport right (west) onto N. Harbor Dr. and turn right onto Nimitz Blvd. Nimitz becomes Sunset Cliffs Blvd. and then Sea World Dr. Take the W. Mission Bay Dr. exit toward Ingraham St., merge onto W. Mission Bay Dr. Turn left onto Dana Point Landing, then immediately right onto Quivira Rd. Hotel is on the left.
- **Getting there:** Cloud 9 shuttle vans stop at the hotel for one-way fares of \$5–15. Taxi fare is \$16–25. Rental cars, private sedans, and limousines are more than \$36.

When making your hotel reservations, please be sure to mention “North American Electric Reliability Council/NERC Meeting” so your reservation is credited to our room block. NERC may be charged a penalty if the total rooms blocked for this event are not picked up. Please inform us immediately if you are unable to attend or if you are staying at a different hotel. Also, if you are using an agency for your travel plans, make sure they mention NERC.

Sincerely,

*Barbara S. Bogenrief*

Barbara S. Bogenrief  
Secretary to the Vice President



## Exhibit B

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## Interchange Standard and Business Practices Meeting

**Wednesday, April 21, 2004 — 8 a.m. to 5 p.m.**

Thursday, April 22, 2004 — 8 a.m. to 5 p.m. (Interchange Subcommittee)

Friday, April 23, 2004 — 8 a.m. to noon (Interchange Subcommittee)

Hyatt Regency Islandia  
1441 Quivira Road  
San Diego, California  
Phone: 619-224-1234 ■ Fax: 619-224-0348

## Agenda

- 1. Administrative** **10 minutes**
  - a. Welcome and Introductions – Chairman
  - b. NERC and NAESB Antitrust Guidelines – Chairman
  - c. Arrangements – Secretary
  - d. Approval of Agenda – Chairman
  
- 2. Purpose of Meeting – Monroe Landrum** **20 minutes**
  - a. Coordination of reliability standards and business standards
  
- 3. Accelerated Standards Transition – Gerry Cauley** **1 hour**
  - a. Standards – Version 0
  - b. Details of transition plan
  
- 4. Reliability and Business Groups Coordination – Joel Dison** **30 minutes**
  - a. Tools – TSIN, Registry, E-Tagging, OASIS 1A and II
  
- 5. Interchange Issues and Concerns – Subcommittee Chairman** **3 hours**
  - a. Committee actions related to Interchange
    - i) Karl Tammar
      - (1) ISO RTO Council seams issues
    - ii) Roman Carter – Chairman of NAESB CIBPTF
      - (1) Posting of interchange business practices
      - (2) Comments and issues identified from posting
    - iii) Mike Oatts – Chairman of NERC CISTDDT
      - (1) Posting of CI Standard
      - (2) Anticipated revisions for second posting
    - iv) Doug Hils – Chairman of NERC IS

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Interchange Standard and Business Practice Meeting Agenda  
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- (1) Policy 3 Reliability Standards and Compliance Templates
- (2) Policy 3 as Version 0

**6. Other Issues – Various Presenters**

**Remainder of Day**

- a. The IA Function – John Simonelli
- b. NERC Reliability Functional Model – Version 2 – TBD
- c. Discuss “Interchange State” definitions and the Functional Model – Roman Carter
- d. Discuss “Operating Authority Users Manual” for reliability and business standards – Al Boesch

## Attendance Interchange Standards and Business Practices Meeting April 21, 2004

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- |                     |  |
|---------------------|--|
| 1. Ray Morella      | FirstEnergy                                      |
| 2. Ed Davis         | Entergy Services, Inc.                           |
| 3. Bob Schermann    | Sacramento Municipal Utility District            |
| 4. Al DiCaprio      | PJM Interconnection, L.L.C.                      |
| 5. Don Lacen        | PNM/WECC ISAS Liaison                            |
| 6. Alan Boesch      | NPPD/MAPP  |
| 7. Pete Harris      | ISO New England                                  |
| 8. Joe Gardner      | Midwest ISO, Inc.                                |
| 9. Doug Hils        | Interchange Subcommittee Chairman, Cinergy Corp. |
| 10. Deanna Phillips | Bonneville Power Administration-PBL/DTTF         |
| 11. Cesar Seymour   | Tractebel  |
| 12. Ray Mangum      | Entergy Services, Inc.                           |
| 13. Alan Johnson    | Mirant Corp.                                     |
| 14. Joel Dison      | Southern Company Services, Inc.                  |
| 15. Pat Doran       | The IMO  |
| 16. John Dadourian  | PJM Interconnection, L.L.C.                      |
| 17. Mike Oatts      | Southern Company Services, Inc.                  |
| 18. Roman Carter    | Southern Company Services, Inc.                  |
| 19. Monroe Landrum  | Southern Company Services, Inc.                  |
| 20. Karl Tammar     | New York ISO/IRC                                 |
| 21. Gordon Scott    | NERC   |