



North American Energy Standards Board

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March 7, 2004

TO: NAESB Wholesale Electric Quadrant Executive Committee and Interested Industry Participants
FROM: Todd Oncken, NAESB Deputy Director
RE: WEQ Executive Committee Meeting Final Minutes – February 24, 2004

**NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
WHOLESALE ELECTRIC QUADRANT (WEQ)
Tuesday, February 24, 2004 – 10:00 am to 4:00 pm Central
Hosted by NAESB – Houston, Texas
Final Minutes**

1. Welcome

Mr. Oberski called the meeting to order. Mr. Oncken gave the antitrust advice and called the roll of Executive Committee members. Quorum was established.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Mr. Oberski reviewed the draft agenda. A discussion of the NERC Alliance West Task Force (AWTF) was added under subcommittee updates. Mr. Dison moved, seconded by Mr. Norris to adopt the amended agenda. The agenda was adopted without modification.

The draft minutes from the December 9, 2004 Wholesale Electric Quadrant (WEQ) Executive Committee meeting were reviewed. Mr. Cobb moved, seconded by Mr. Reed, to adopt the minutes without modification. The motion passed unanimously.

3. Triage Recommendations

Request R04005: Mr. Dison reviewed Request R04005 (OASIS Baseline), noting it would form a foundation within NAESB for the current OASIS business practices and S&CP. Mr. Dison stated the Triage Subcommittee recommended Request R04005 was within NAESB scope, properly assigned to the WEQ, and should be worked on by the Electronic Scheduling Subcommittee (ESS) in high priority.

Request R04006: Mr. Dison reviewed Request R04006 (OASIS 1A Enhancements), which would produce modifications to OASIS 1A based on the deliverables of the OASIS Scheduling Collaborative. Mr. Dison stated the Triage Subcommittee recommended Request R04006 was within NAESB scope, properly assigned to the WEQ, and should be worked on jointly by the ESS and Information Technology Subcommittee (ITS) in the normal course of business.

Request R04007: Mr. Dison reviewed Request R04007 (OASIS Phase II). Mr. Dison stated the Triage Subcommittee recommended Request R04007 was within NAESB scope, properly assigned to the WEQ, and should be worked on by the ESS and ITS in the normal course of business.

Mr. Dison moved, seconded by Mr. Reed, to accept the Triage Subcommittee recommendations for Request R04005, R04006 and R04007. After limited discussion the motion passed unanimously.

Request R04011: Ms. Rehman discussed Request R04011. She stated there are approximately 18 requirements under FERC Order 2003 that relate to OASIS posting. Mr. Oberski stated the



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Triage Subcommittee recommended Request R04011 was within NAESB scope, properly assigned to the WEQ, and should be worked on by the ESS and ITS in the normal course of business. During discussion it was noted that the subcommittee assignment recommendation was appropriate since the nature of the work would be determined by the solution proposed, and could include either a change to business practices or the S&CP. Mr. Dison moved, seconded by Mr. Johnson, to accept the Triage Subcommittee recommendation for Request R04011. During discussion it was noted that the item has preliminarily been assigned to the OASIS 1A Task Force. The motion passed unanimously.

Request R03035: Mr. Oberski reviewed the status of Request R03035, which addresses gas quality. Mr. Oberski stated the determination of scope is an all-EC issue, and in this case the Wholesale Gas Quadrant found the request out of NAESB scope. As a result, the scope determination was referred to the Board of Directors where the Board Managing Committee found the request in scope – a decision that was subsequently ratified by the whole Board through notational ballot. He noted no action was required from the WEQ on this request, but thought the Executive Committee should be updated on its procedural status. Ms. McQuade noted the issue would likely be discussed extensively at the March Board meeting.

Concern was expressed about the WEQ’s level of participation in the Triage Subcommittee. Mr. Oberski noted that WEQ participation at the follow up conference calls to adopt the Triage Subcommittee recommendations on scope and quadrant assignment was also concerning, since those issues required approval of the entire Executive Committee for all requests.

4. Subcommittee Updates

Business Practices Subcommittee: There was no report for the Business Practices Subcommittee.

Inadvertent Interchange Payback Task Force: Mr. Terelmes provided the update for the Inadvertent Interchange Payback Task Force (IIPTF). Mr. Terelmes reported participation and interest in the task force has increased. Mr. Terelmes stated an open issue for the task force was the format of standards for submission to the Executive Committee. Mr. Terelmes reviewed recent actions by the subcommittee, including the decision to define the concept of frequency bandwidth and consider different solutions according to bandwidth. Mr. Terelmes noted that antitrust concerns ~~(a motion was crafted that a participation alleged provided a non-economic basis for a price) were raised at the January IIPTF meeting regarding a pending motion, and those concerns have subsequently been resolved by NAESB’s General Counsel with the decision that there were no antitrust concerns with language of the motion.~~

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The Executive Committee discussed the IIPTF deliverables. Mr. Terelmes stated the IIPTF has set an internal deadline of October for recommendations to the Executive Committee. Mr. Terelmes referenced the substantive motions document maintained by the IIPTF and suggested review of the document would help the Executive Committee monitor the task force’s progress. Mr. Terelmes stated that most of the successful motions have been general, but the task force is moving to a different level of granularity. Mr. Dison suggested the IIPTF submit multiple recommendations to the Executive Committee, instead of one recommendation in October, so that the Executive Committee could better understand work of the IIPTF and provide feedback on the direction the task force was taking. Ms. McQuade agreed that process could be beneficial, especially in instances when the draft standards are controversial. Mr. Terelmes stated the IIPTF would discuss the option of multiple recommendations at its February 26-27 meeting in Houston at the NAESB Offices.

Information Technology Subcommittee: Mr. Johnson reported on the Information Technology Subcommittee (ITS), noting the subcommittee has met once since the last Executive Committee



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meeting. Mr. Johnson said the ITS has begun its work on Request R04006 (OASIS 1A enhancements) through the OASIS IA Task Force to determine the proper resolution for each of the five items. Mr. Johnson noted that the task force is working jointly with the ESS OASIS 1A Task Force and the group has just begun its work. Additionally, Mr. Johnson reported that the OASIS Phase II Structural Design Task Force has evaluated the OASIS II use cases and determined that development of OASIS Phase II has not moved far enough to being working on the functional specifications or S&CP. Mr. Johnson said the OASIS Phase II Structural Design Task Force report will be distributed to the ESS and ITS for a 30-day comment period.

Mr. Johnson reported the ITS and ESS have decided to hold joint meetings to discuss joint issues, such as the OASIS 1A enhancements and OASIS Phase II. The next ITS and ESS meetings will be held on April 5-7 hosted by California ISO in Folsom, CA.

Electronic Scheduling Subcommittee: Mr. Dison's report on the ESS included a brief review of the February 17-18 meeting, discussion and consideration of Recommendation R04005, a review of the work of the Coordinate Interchange Business Practices Task Force (CIBPTF), and a presentation on OASIS Phase II development and coordination.

Mr. Dison presented Recommendation R04005 (OASIS Baseline). Mr. Dison stated the recommendation consists of OASIS business practices that have been derived from various FERC Orders and the most recent version of the S&CP. Mr. Dison explained that the recommendation adopts current rules being followed by FERC-jurisdictional entities as NAESB standards. Mr. Dison stated the recommendation was voted out of the ESS in January and posted for industry comment shortly thereafter. Mr. Dison also noted that all comments received were reviewed at the February ESS meeting.

Mr. Dison moved, seconded by Mr. Reed, to accept the recommendation of the ESS to accept Recommendation R04005, modified to change the reference date for Attachment B to July and to delete Attachment D. During discussion on the motion, it was noted that the referenced modifications were necessary to correct a typographical error and remove duplicate language since Attachment D was incorporated in Attachment B. Mr. Oberski commented that this issue was discussed at the December Executive Committee meeting. Further, it was noted that the process used in the development and adoption of this recommendation in no way violated the ANSI-approved NAESB standards development process. All Executive Committee members present voted in favor of the motion, but the results of the motion were undetermined because there were not enough members of the end user or distribution/LSE segments to pass the voting threshold. Subsequent to the meeting, votes in favor of the motion were received and the motion passed unanimously.

Mr. Dison stated the CIBPTF presented its draft standard at the February ESS meeting. Mr. Dison said the CIBPTF standard represents the business practices associated with NERC's Coordinate Interchange standard and NERC Policy 3. After extended discussion and several modifications, the ESS voted the CIBPTF standard out of subcommittee as a recommendation to the Executive Committee. Mr. Dison noted the recommendation is out for an extended industry comment period (45 days). Mr. Dison stated the Executive Committee will be asked to consider and vote on Recommendation R03013 at its May meeting.

Mr. Dison gave a presentation titled, *OASIS II – A Vision of the Future*. Mr. Dison reviewed the trends and risks for the industry, provided several recommendations for moving forward, proposed a timeline and phased approach for OASIS II, and proposed an organizational structure for the development of OASIS II. Mr. Dison's presentation is posted as a work paper for this meeting.



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Participants discussed Mr. Dison's presentation. During discussion, Mr. Dison noted that the ESS and ITS would form the joint OASIS II Task Force at its April meeting. Additionally, the importance of coordination with NERC regarding both the status of the Functional Model and the extension of current tools was highlighted. Additionally, it was noted that although Mr. Dison's proposal relies on the assumption that the Functional Model will be adopted, the design of OASIS Phase II is not limited to that model. Mr. Desselle briefly reviewed the current efforts regarding transitioning the current NERC Policies into reliability and commercial standards.

Glossary Subcommittee: Mr. Reed reported on the Glossary Subcommittee. He stated the work of the subcommittee is progressing, though at a slower pace than originally intended. Mr. Reed stated the task force is creating a working glossary by pooling data from existing sources and evaluating like terms. Once that is complete, he said the document would be distributed for industry comment and the subcommittee would meet to discuss the content of the document. Additionally, he noted a meeting has been scheduled between Glossary Subcommittee leadership and the ISO glossary team to discuss the work of each organization and any opportunities for collaboration.

During discussion it was noted that the primary objective of the Glossary Subcommittee is to focus on the content of the definitions, not a software solution to house the glossary. Mr. Desselle suggested that infrastructure would likely be discussed at the upcoming meeting with the ISO glossary group. Mr. McCoy said a glossary effort was critical so that the standards drafting groups would be using terms consistently. He noted this effort could benefit the NERC standards drafting as well.

Standards Review Subcommittee: Mr. Yeung gave the report on the Standards Review Subcommittee (SRS). He stated the SRS spent significant time at the last meeting reviewing additional proposed NERC SARs or standards, but discovered the items were not far enough along in the process so that the SRS could make a full assessment of commercial implications. He stated the SRS is continuing its review of NERC's Coordinate Operations (CO) draft standard and Operate Within Limits (OWL) draft standard. Mr. Yeung noted that the SRS has asked the NERC Markets Committee (MC) to provide an opinion regarding the level of consistency needed for reliability, since that need for consistency could lead to a complementary business practice related to NERC's OWL standard. Ms. Rehman noted there were open questions to the MC regarding NERC Balance Resources and Demand draft standard and ATC.

The SRS will meet February 25, 2004 in Houston, TX. Mr. Yeung stated the CO and OWL will be discussed. Additionally, he stated for the review of the OWL, the SRS would probably review NERC Appendix 9(c)(1) to identify the areas that are business practices. It was noted that the NERC Reliability Coordinators Working Group has completed a review of Policy 5, 6, 9 and Appendix 9d, and forwarded those documents to the NAESB Office.

Seams Subcommittee: Mr. Cobb reported on the Seams Subcommittee. He stated that following the December Executive Committee meeting, where the Seams Catalog was approved by the Executive Committee without any recommendations on assignment, the Seams Subcommittee held several conference calls and a meeting to make recommendations on assignment and gain consensus on those recommendations. Mr. Cobb reviewed the methodology used by the subcommittee to develop the recommendations. He noted NERC went through a similar process. Mr. Cobb stated that the Seams Catalog was presented to the Joint Interface Committee on February 18-19, 2004.



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Mr. Desselle reviewed the JIC discussion of the Seams Catalog. He stated the JIC reviewed the NAESB recommendation and NERC recommendation on assignment, and accepted the recommendation on those 97 items where the recommendations matched. Mr. Oberski added that the JIC decided to label the remaining 37 items as undecided. Mr. Desselle noted that the JIC will have the opportunity to review the Seams Catalog items assigned to NERC or NAESB as individual requests for standards are developed and processed. However, he noted there is no such requirement for items assigned to the IRC, or undecided items the IRC decides to address.

The Executive Committee briefly discussed the items assigned to NAESB and the undecided items. Mr. Desselle suggested the Seams Subcommittee review those items assigned to NAESB and the undecided items and determine if, and where, they fit into the 2004 WEQ Annual Plan. Further, it was noted the NAESB items should be reviewed by the subcommittee for priority. Finally, it was agreed that the industry would have the opportunity to provide feedback on the importance of the undecided issues. Mr. Cobb noted several significant issues were left undecided, such as ATC. Industry participants with a particular interest in either the NAESB items or undecided items should file a request for standards to begin the standards development process.

Gas Electric Coordination Task Force: Mr. Oberski reported on the Gas Electric Coordination Task Force (GECTF), a four-quadrant task force that is addressing WEQ Annual Plan Item 4. He stated the GECTF has held two, two day meetings, and the next meeting is scheduled for March 15-16 in Houston, TX. Mr. Oberski said the GECTF has held a general information session, developed a preliminary issues list, and has begun working through the concepts on that list. He noted that while the meetings have been cordial, some serious discussion and tough questions have been asked. Mr. Oberski stated WEQ support and participation in the GECTF very important, especially since the issue originated from the WEQ Annual Plan.

The Executive Committee discussed the participation issue. Mr. Johnson questioned if the lack of participation signaled that the WEQ did not view the coordination as an important issue. Mr. Desselle noted that the coordination of gas and electricity is a global issue that is getting attention at the FERC, and was in fact discussed at the January FERC meeting. Mr. Oberski commented that the work being done by the GECTF could have some real impacts on the way business is done on the electric side, e.g. different procedures for working with the pipelines when citing a new gas-fired generation plant. Ms. Westerfield committed to discuss the participation issue with state regulatory staff, because the importance of the interdependence of the industries and associated price issues. She noted the interdependence could have real impacts for alternative fuel sources. Mr. Hughes stated that this issue has reached the CEO level in the industrial industry. Mr. Desselle noted the issue has also been raised to EEI.

Alliance West Task Force (NERC): Mr. Green, the NAESB representative on the Alliance West Task Force (AWTF), provided a report. Mr. Green reviewed the findings of the AWTF, including the determination that the reliability impact was caused by large volumes of small transactions on the impacted interfaces. Mr. Green stated the AWTF has drafted several recommendations and will report back to the MC in March. Mr. Green stated some of the recommendations are focused on Summer 2004, but others have longer term impacts. Mr. Green stated that he intends to support short term recommendations because the region is experiencing some real reliability issues, but oppose the longer term recommendations because the task force should not be addressing long-term issues. No one disagreed with Mr. Green's approach.

Mr. Green reviewed the potential recommendations (a report is not yet available), as follows: 1) revise the methodology for calculating TRM – the holdback for uncertainties; or 2) reduce the



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threshold for impacted entities in a TLR from 5% to 3%. Mr. Green noted these recommendations have large impacts, especially since lowering the TLR threshold would affect a huge number of transactions in a huge geographic region. Mr. Green stated the long term solution would be better coordination of transmission sales. Mr. Green contended that was clearly a NAESB or NERC issue, depending on which organization is assigned ATC issues, and not an issue the AWTF should address.

Mr. Dison suggested the long term issue requires a commercial solution. To move forward, Mr. Oberski stated a standards request should be drafted and submitted. He suggested that standards request should explain why a commercial solution is appropriate. He noted any request will proceed through the JIC process. Given the discussion of the issue, it was suggested that the Seams Subcommittee shepherd this issue through the process. Mr. Yeung noted that the SRS's previous review of an ATC standard produced negative comments.

5. JIC Meeting Summary

Please see discussion above.

6. Nominations and elections

BPS Chair: Mr. Oberski stated that since Mr. Goss is on assignment in Iraq, a co-chair should be elected for the Business Practices Subcommittee (BPS). It was noted that since Mr. Goss is an Executive Committee member, the co-chair does not have to be an Executive Committee member. Mr. Cobb moved, seconded by Mr. Reed, to elect Phil Cox as the BPS co-chair. The motion passed unanimously.

GECTF Chair: Mr. Oberski stated that since Mr. Jackson retired he has served as the interim co-chair of the GECTF. Ms. Westerfield and Mr. Porter of TVA volunteered to serve as co-chairs. Mr. Hughes moved, seconded by Mr. Ulch, to elect Ms. Westerfield and Mr. Porter as the WEQ co-chairs of the GECTF. The motion passed unanimously.

7. New Business

Transition Issues - NERC Policies 3, 5, 9: Mr. Desselle presented this topic. He stated NAESB is trying to be proactive in the transition of business practices out of the NERC Policies. To that end, he said the NERC Policies should be evaluated for portions that are business practices and then NAESB standards requests should be drafted for the identified sections. Mr. Desselle said this would be a collaborative effort with NERC. The BPS was assigned the task of working on this project.

During discussion, concern was expressed about the implications of incorporating the current NERC Policies into NAESB standards and the potential of those standards to be adopted by the FERC. It was noted that the proposal is to include the NERC Policies as written, but regional differences could be recognized where appropriate. Additionally, Executive Committee members found it important to develop a transition plan for the transition from NERC Policies to NAESB business practice standards, and in fact noted that as an overriding concern in cases where there would be complementary business and reliability standards. Ms. Rehman suggested the transition should be expanded to include planning standards, such as the standards on ATC.

ISO/RTO WEQ representation: Mr. Desselle encouraged the Executive Committee members to seriously consider creating a separate segment for ISO/RTO representation. Mr. Oberski identified this topic as an agenda item for the May meeting. It was noted that the original proposals for an ISO/RTO segment was posted on the NAESB web site on the page dedicated to WEQ formation.



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Future Meetings:

March 24, 2003 – Joint meeting with NERC MC in Nashville
March 18, 2004 – NAESB Board meeting in Houston
May 4, 2004 - WEQ Executive Committee Meeting in Florida hosted by FPL.

8. Adjourn

The meeting adjourned at 4:25 p.m. Central

9. Executive Committee Attendance and Voting Record

End User Segment		Attendance	Rec. R04005
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	In Person	In Favor
V A C A N C Y	V A C A N C Y		
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	Absent	In Favor (notational)
Randy Corbin	Assistant Director Analytical Services, Ohio Consumers' Counsel	Absent	
Paul Jett	Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.	Absent	
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	Phone	In Favor
Distribution/LSE Segment			
Thomas Ringenbach	Manager Business Standards, American Electric Power Service Corporation	Phone	In Favor
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	Phone	In Favor
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	Absent	
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	Absent	In Favor (notational)
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	Phone	
Jansen Pollock	Manager of Regulatory Affairs, Constellation NewEnergy	Absent	
Generation Segment			
Francis Halpin, alt. for B. Goss	Bonneville Power Administration	Phone	
Louis Oberski	Transmission Manager, Dominion Energy Marketing Inc.	In Person	In Favor
Tony Reed	Project Manager, Southern Company Generation and Energy Marketing	In Person	In Favor
Barry Green	Manager US Regulatory Affairs, Ontario Power Generation	Phone	
Tony Petrella alt. for B. Green	Ontario Power Generation	In Person	In Favor
Steven B. Corneli	Director of Regulatory Affairs, NRG Power	Absent	



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William J. Gallagher	Marketing Inc. General Manager of Vermont Public Power Supply Authority	Absent	In Favor (notational)
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Marketer/Broker Segment

Jim Ingraham	Tennessee Valley Authority	In Person	In Favor
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	In Person	In Favor
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	In Person	In Favor
Charles Yeung	Director of Business Standards, Reliant Resources	In Person	In Favor
Alan Johnson	Senior Policy Analyst, Mirant	In Person	In Favor
Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	Absent	

Transmission Segment

Steven C. Cobb	Manager Transmission Services, Salt River Project	In Person	In Favor
Jim Hicks, alt. for D. Gerrard	PacifiCorp	Phone	In Favor
Dean Ulch, alt. for J. Lucas	Principal Engineer, Southern Company Services, Inc.	In Person	In Favor
Mary Ellen Paravalos	Manager ITC Development, National Grid USA	Phone	In Favor
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	Absent	
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	Phone	In Favor

Total **Motion Passes**

Other Participation:

Name	Organization	In Person/Phone
Christopher Burden	Williams Gas Pipeline	Phone
Yvette Camp	Southern Company	Phone
Phil Cox	American Electric Power	Phone
Dale Davis	Williams Gas Pipeline	Phone
Ed Davis	Entergy	In Person
Michael Desselle	American Electric Power	In Person
Duane Farmer	Public Service Co. of New Mexico	In Person
Henry French	CenterPoint Energy	In Person
Jim Hartwell	NPCC	In Person
Bill Heinrich	NY PSC	Phone
Ruth Kiselewich	Baltimore Gas & Electric	In Person
Barry Lawson	NRECA	Phone
Steve McCoy	CAISO	In Person
Rae McQuade	NAESB Executive Director	In Person
Sherri Monteith	American Electric Power	In Person
Todd Oncken	NAESB Deputy Director	In Person
Barbara Rehman	Bonneville Power Admin	Phone
Steve Terelmes	Ameren	In Person
Veronica Thomason	NAESB Staff	In Person



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Steve Zavodnick

Baltimore Gas & Electric

In Person