



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
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Home Page: www.naesb.org

TO: NAESB Wholesale Electric Quadrant Executive Committee, Posting for Interested Industry Participants
FROM: Todd Oncken, NAESB Deputy Director
RE: NAESB Wholesale Electric Quadrant Executive Committee Meeting Final Minutes - August 5, 2003
DATE: August 13, 2003

**Wholesale Electric Quadrant Executive Committee
Tuesday, August 5, 2003
10:00 a.m. to 3:00 p.m. Eastern**

1. Welcome

Mr. Cobb called the meeting to order and thanked PECO Energy for hosting the Executive Committee meetings. Mr. Oncken gave the antitrust advice. The roll of Executive Committee members was taken and quorum was established.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Mr. Cobb reviewed the draft agenda and the draft agenda was adopted by consent. Mr. Cobb reviewed the Wholesale Electric Quadrant (WEQ) Executive Committee minutes from June 3, 2003. With minor changes the June 3 minutes were adopted by consent.

3. Review of New Requests and Assignments

The Triage Recommendations from June 16 and July 21 were reviewed. Standards Requests with implications to the WEQ were discussed.

R03006 - Gas Price Index Location Standards: Ms. McQuade reported on Request R03006. She stated the Triage Subcommittee recommended assignment of Request R03006 to all NAESB quadrants. However, she said the Executive Committee, when it met on July 31, modified the Triage Recommendation and assigned the request to the Wholesale Gas Quadrant. It was noted the Triage Subcommittee found the Request to have implications for all of the quadrants since the points are referred to in contracts and calculations in both the retail and wholesale context. However, Ms. McQuade stated the discussions at the July 31 Executive Committee conference call made it clear that any interested party was welcomed to participate in the Wholesale Gas Quadrant standards development process.

R03007 - eMARC PKI Specification: Please see *Coordination and Liaisons with OSC and NERC* below.

R03013 - NERC Coordinate Interchange: Mr. Yeung reported the Triage Recommendation for Request R03013. He stated the request, which was submitted through the Standards Review Subcommittee (SRS), was assigned to the WEQ for standards development. Mr. Yeung stated the request originated through the SRS's review of NERC's Coordinate Interchange SAR, and the discussion of the NERC Coordinate Interchange SAR at the June NERC/NAESB/ISO-RTO Joint Interface Committee (JIC) meeting. He said the next step for Request R03013 was further scoping and then submission to the JIC for a standards development assignment determination.

Mr. Yeung stated the SRS established the Coordinate Interchange Business Practices (CIBP) Task Force to begin the scoping process. To that end, he noted the CIBP Task Force intends to examine current NERC Policy 3 and its appendices to evaluate opportunities for potential complementary standards. It was noted the timing of CIBP Task Force activities are closely linked with the



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development efforts of NERC's Coordinate Interchange Standards Drafting Team. Mr. Yeung requested balanced participation in the SRS task forces so that the interests of each segment would be represented.

R03014 – Coordinate Operations: Mr. Yeung reported the Triage Recommendation for Request R03014. He stated Request R03014, which originated out of the SRS review process and would be a companion to NERC's Coordinate Operations Standard, was assigned to the WEQ for further development. It was noted NERC's Coordinate Operations Standard would supercede the current NERC Policy 9. Like Request R03013, Request R03014 will be submitted to the JIC for a standards development assignment determination.

Mr. Yeung stated the SRS established the Coordinate Operations Business Practices (COBP) Task Force to begin the scoping process for Request R03014. He said the scope of Request R03014 was limited during the July 10 SRS meeting. He noted initially NERC Policy 9c1, which addresses transmission line relief, was included in the scope of Request R03014. At the July SRS meeting it was decided transmission line relief was more closely tied with NERC's Operate Within Limits Standard.

R03017 – Operate Within Limits: Mr. Yeung reported on the Triage Recommendation for Request R03017. He stated Request R03017 was assigned to the WEQ for further development. He noted Request R03017 was originally contained in Request R03014, but was severed during the July SRS meeting in recognition of its closer link to NERC's Operate Within Limits Standard. A SRS task force has not been established to begin the scoping process for Request R03017, but it was noted work would begin soon since NERC's Operate Within Limits Standard is more mature than the Coordinate Operations or Coordinate Interchange Standards.

It was noted that while the SRS has been given the assignment of developing standards for Requests R03013, R03014, and R03017, the SRS and its task forces have found it more prudent to develop a scoping document in advance of any standards development. Mr. Yeung explained the scoping document would provide more detail to the Executive Committee on the content of potential standards to be developed. Additionally, he said the scoping document would provide more information for a JIC determination.

Participants discussed the NAESB standards development process. It was noted Requests R03013, R03014 and R03017 were not following NAESB's historic process. Particularly, Mr. Lawson questioned whether NAESB subcommittees should be initiating standards requests. It was noted that was an unusual process, but standards requests were welcomed from any entity. However, Ms. McQuade clarified that a standards request would proceed through the same process regardless of the requester. Mr. Yeung stated the SRS's charge of evaluating the business impacts of standards of other organizations (namely, NERC) was an evolving process, and that evaluation was currently being done on an ad hoc basis. It was noted the process would likely change with NERC's recent announcement of a transition team to determine which current NERC Policies are reliability and which are business practices. Ms. McQuade added that NAESB will be a participant in that process.

To provide clarity, Mr. Dison moved, seconded by Mr. Oberski, that the WEQ Executive Committee task the Standards Review Subcommittee to develop specific requests for standards in response to Requests R03013, R03014, and R03017, to develop a scope document to include specific business practice standards to be developed, and report those scope documents back to the Executive Committee prior to JIC submission for formal standards development. During discussion, it was noted the motion formalizes the approach being taken by the SRS. The motion passed unanimously by consensus.



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4. 2004 Annual Plan Efforts

Mr. Corneli initiated discussion of the 2004 WEQ Annual Plan development process. He stated two fundamental areas of opportunity for NAESB standards development are: 1) NERC's intention to move more NERC Policies into specific reliability standards; and 2) the continued evolution of the existing ISO markets and the implications of transacting business across ISO markets. Mr. Corneli referred Executive Committee members to the straw annual plan development process and draft 2004 WEQ Annual Plan. Mr. Corneli recommended the Executive Committee discuss the proposed process and draft annual plan, and take action to proceed with the outlined process.

Participants discussed the straw annual plan development process and draft 2004 WEQ Annual Plan. It was noted that all 2003 Annual Plan items being worked on would be rolled into the 2004 Annual Plan. Also, it was noted the WEQ would not have a separate Annual Plan Subcommittee, but instead the WEQ Executive Committee as a whole would work on annual plan development. Mr. Corneli stated coordination of the NAESB WEQ Annual Plan with NERC and the ISO/RTO Council has been considered in the proposed timeline, and the preliminary coordination approach for JIC approval of the signatory annual plans has been developed. First, he said the JIC would meet informally to coordinate the annual plans and develop recommendations for modifications, where appropriate. Then, the JIC would formally meet and vote on the annual plans approximately one month after the initial meeting.

Participants discussed the content of the draft 2004 WEQ Annual Plan. It was noted the strawman calls for an industry comment period where any interested party can submit additional annual plan items. However, the strawman further notes that any submitted items should indicate a willingness of the submitter to devote resources to further the development of the new annual plan item. Mr. Jackson, through a motion, proposed the following addition to the draft annual plan: Work with the Wholesale Gas Quadrant to look at a more flexible Intraday Gas nomination process to support electric generation without degrading gas service to existing customers. Mr. Reed seconded the motion. Mr. Jackson noted work had begun with an EEI group on the issue during 2000, but that work was tabled due to action in other areas. The motion passed by consensus.

It was explained that the provisional items listed in the draft annual plan would serve as place holders. Since the FERC has issued its order in the Large Generators proceeding, Ms. Westerfield suggested the Executive Committee examine whether the order contains a directive to NAESB which would elevate the provisional item to active. Additionally, with the current interest in price reporting, Ms. Westerfield suggested including price recording as a provisional item. Finally, Ms. Westerfield requested the development of a NAESB standard contract be included as an annual plan item. Further, given the FERC's recent recognition of the importance of state commissions and regional state committees, adding business standards requested from the regional state committees was proposed. Ms. Westerfield moved, seconded by Mr. Norris, to make the above changes to the provisional items of the draft 2004 WEQ Annual Plan.

During discussion on the motion it was noted the proposed changes would affect the draft 2004 WEQ Annual Plan, but further action would be on the draft plan in accordance with the WEQ Annual Planning process strawman. Additionally, Mr. Gildea expressed concern about items being added to the annual plan that are not currently significant to the industry. The motion passed unanimously by consent.

Mr. Dison moved, seconded by Ms. Paravalos, that the WEQ Executive Committee move forward with the process identified by Mr. Corneli in the WEQ Annual Plan development strawman and draft 2004 WEQ Annual Plan, including those modifications made above. The motion passed unanimously by consent.



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5. Coordination and Liaisons with OSC and NERC

Mr. Landrum, a representative of the Electronic Scheduling Collaborative and OASIS Scheduling Collaborative (ESC/OSC) reviewed the ESC/OSC transition document which details the deliverables of the ESC/OSC work product to NERC and/or NAESB for further standards development. Examples of deliverables include: OASIS I, OASIS II and e-tagging. Mr. Landrum stated a good outcome for the meeting would be a NAESB recommendation on further actions for the deliverables. Mr. Landrum encouraged presentation of that recommendation to the NERC Market Committee in hopes the groups could develop a coordinated response to the transition document. Whatever the outcome, Mr. Landrum stated key issues will be the ability to handle requests for system modifications, stability of current systems, and maintaining the integrity of the deliverables.

Discussion revealed the disposition of OSC and ESC deliverables might have independent paths. It was suggested OASIS 1A and certain portions of e-tagging are business related, so they should be addressed by NAESB. However, Mr. Landrum stated TISWEG would continue to provide enhancements for e-tagging until NAESB is prepared to assume that role.

Mr. Dison suggested forming a Technical Subcommittee which would address the OSC OASIS 1A deliverables, on the anticipation that the OSC would draft NAESB Standards Requests based on Attachment A to the July 30, 2003 OSC correspondence, as found under Tab 8 of the meeting materials. Mr. Landrum projected the standards requests would be finalized at the August OSC meeting being held in Vancouver. Meeting participants supported the creation of a separate Technical Subcommittee to address OASIS 1A issues, noting this approach would be preferable to merging the function into an existing subcommittee.

Mr. Oberski moved, seconded by Mr. Dison, to establish a Technical Subcommittee to develop standards and enhancements to the standards for OASIS-related matters. During discussion on the motion, participants discussed the scope of the new subcommittee. Mr. Landrum noted NAESB should evaluate the deliverables to determine which business practices are needed, and then those business practices should be technically implemented. He suggested the same approach should be taken for proposed enhancements to OASIS 1A. Mr. Dison stated his vision for the subcommittee was a technical group where standard communication protocols would be developed. Mr. Oberski concurred and noted the Technical Subcommittee should be a home for the OSC participants to continue their efforts. Mr. Fidrych suggested defining the scope of the Technical Subcommittee would be premature. The motion passed unanimously by consent. Mr. Johnson volunteered to co-chair the Technical Subcommittee with Mr. Landrum. Request R03007, eMARC PKI Specification, was assigned to the Technical Subcommittee for standards development.

Mr. Jackson moved, seconded by Mr. Yeung, to establish an ESC Subcommittee to continue ESC work on e-tagging business standards. Mr. Oberski stated establishing a separate subcommittee was appropriate to continue the ESC work, and that would be preferable to parsing the work out among existing subcommittees. He suggested a separate subcommittee would foster continuation of ESC participation. The idea of assigning the CIBP to the ESC Subcommittee was discussed, but it was determined that reassignment would be premature. The motion passed unanimously by consent.

Ms. McQuade clarified the Executive Committee has established two subcommittees, the Technical Subcommittee and the ESC Subcommittee, to serve as a home for any ESC/OSC deliverables found to be within NAESB's business standards development scope, and also to address requests that would have been made to the ESC/OSC regarding business standards issues. The establishment of these subcommittees creates an opportunity for ESC/OSC participants to continue their work within the NAESB framework, where appropriate. Additionally, she noted a goal would be to



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maintain existing ESC/OSC leadership and participation. Ms. McQuade stated this information will be presented at the ESC/OSC meeting on August 25 in Vancouver.

6. EQR Meeting Report

Ms. McQuade reported on the Electric Quarterly Report (EQR) Users Group meeting held on July 11, 2003. She stated NAESB was invited to attend the meeting because of the potential to standardize certain of the report's data elements. During the meeting, the Users Group determined NAESB's participation in standardizing the elements was not needed, and instead the Users Group would advise the FERC on the items to be standardized. She invited interested representatives from NAESB's member companies to contact Mr. Steven Reich with the FERC for information on participating in the Users Group.

The EQR was established in FERC Order 2001. In compliance with the EQR, approximately 970 companies file in excess of three million records per quarter. The EQR data is used by FERC's Office of Market Oversight.

7. PKI Meeting Report

Mr. Johnson reported on the July 1 PKI Workshop presented by NERC. He stated the workshop, attended by 10 NAESB representatives, was very informative on NERC's PKI and eMARC activities. Mr. Johnson noted the PKI specification is not finalized, but NERC has begun meeting with perspective vendors. He said NERC seems to be using PKI as an enhancement to the e-tagging process. Mr. Johnson stated the key elements of PKI are privacy, authentication, integrity, and non-repudiation.

Mr. Johnson encouraged NAESB to evaluate how PKI might be incorporated into business practices and processes. He identified a central issue as the implications of PKI on the NAESB WGQ EDM standards, and whether WEQ efforts on PKI should be coordinated with the WGQ EDM group to avoid duplication of efforts and systems.

8. Subcommittee Updates and 2003 Annual Plan

Contracts Subcommittee – EEI Task Force Decision: Mr. Dison reported on the Contracts Subcommittee. He stated the Contracts Subcommittee was established to address a group of contracts-related annual plan items, including the potential of a NAESB standard contract for power sales. To address the development of a NAESB standard contract, Mr. Dison stated NAESB approached the Edison Electric Institute (EEI) about the possibility of adopting the EEI Master Service Agreement as a NAESB standard. Mr. Dison said EEI has polled the members of their contracts group, and that group opposed the adoption of the EEI Master Service Agreement as a NAESB standard. Mr. Dison noted that decision has obvious implications for the Contracts Subcommittee, since development of a contract from scratch would take considerable efforts and resources.

Ms. Westerfield supported a NAESB standard contract. She went further to say that adoption of the EEI Master Service Agreement as a NAESB standard would benefit members of both organizations, and the contract would take on a different characterization as a standard contract rather than a trade association contract. Mr. Lawson agreed and noted that while many NRECA members use the EEI Master Service Agreement, many more would use a NAESB standard contract not labeled as an EEI contract. Nevertheless, Mr. Oberski stated that NAESB has made the offer to adopt the EEI Master Service Agreement as a NAESB standard, and any further action in that manner should be dependent on the willing participation of industry participants – not a hostile takeover of another organization's work product or process.



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Mr. Dison stated NAESB has not received a formal request for a standard contract and all work of the Contracts Subcommittee has been investigative. He noted a request may be submitted by any interested party at anytime.

Market Operations Subcommittee – Inadvertent Interchange Payback: Mr. Terelmes reported on the efforts of the Inadvertent Interchange Payback Task Force (IIPTF). He stated the IIPTF continues to move toward creating a standard that values inadvertent at a market price and financially settles inadvertent payback in light of that market. He noted several models have been considered but no decision on the model has been made. He stated the meetings have been well attended, including attendance by NERC and IRC representatives.

Mr. Terelmes stated NERC and NAESB met on August 4 to discuss the scope of the IIPTF. He said the meeting resulted in the following clarifications:

- The data collection for inadvertent energy and frequency bias was deemed to be within the scope of NERC.
- The IIPTF will continue to develop a standard for the financial settlement of inadvertent energy that will rely on the data provided by NERC.

Mr. Terelmes stated the next IIPTF meeting will be held on August 6, 2003 at the PECO Energy offices.

Standards Review Subcommittee: See *Review of New Request and Assignments* above.

Seams Task Force: Mr. Cobb reported on the efforts of the Seams Task Force. He read the definition of seams issues and goals of the task force, both developed during the July meeting. He stated the Seams Task Force is cataloging seams issues, and one response to the request for information has been received. Mr. Cobb stressed the importance of the seams issues catalog, as it will be the basis for future standards development.

Update on the 2003 Annual Plan: Updates to the 2003 WEQ Annual Plan were reviewed. Please see attached redlined annual plan. The modified 2003 WEQ Annual Plan will be presented to the Board of Directors in September.

9. New Business

Mr. Oberski made the committee aware that a possible leadership change will occur during the October Executive Committee meeting. Additionally, it was noted the WEQ Executive Committee leadership will be elected during the December Executive Committee meeting.

10. Adjourn

Mr. Cobb adjourned the meeting at 3:10 p.m. Eastern.



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11. Executive Committee Attendance and Voting Record¹

End User Segment	Title, Organization	Attendance
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	Absent
David Meade	Manager Structured Power, Praxair, Inc.	In Person
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	In Person
Randy Corbin	Assistant Director Analytical Services, Ohio Consumers' Counsel	Absent
Paul Jett	Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.	Absent
LouAnn Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	Phone
Distribution/LSE Segment		
Thomas Ringenbach	Manager Business Standards, American Electric Power Service Corporation	Phone
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	In Person
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	Absent
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	Phone
Tom McGrath, alt. for S. Berwager	Tennessee Valley Authority	In Person
V A C A N C Y	To be filled by the Competitive Retailer sub-segment	
Generation Segment		
Bob Goss	Deputy Assistant Administrator of Power Resources, Southeastern Power Administration	In Person
Louis Oberski	Transmission Manager, Dominion Energy Marketing Inc.	In Person
Tony Reed	Project Manager, Southern Company Generation and Energy Marketing	In Person
Barry Green	Manager US Regulatory Affairs, Ontario Power Generation	Absent
Steven B. Corneli	Director of Regulatory Affairs, NRG Power Marketing Inc.	Phone
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Phone
Marketers/Brokers Segment		
Gary L. Jackson	Senior Manager External Markets and Policy, Tennessee Valley Authority Bulk Power Trading	In Person
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	In Person
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	In Person
Charles Yeung	Director of Business Standards, Reliant Resources	In Person
Alan Johnson	Senior Policy Analyst, Mirant	In Person
Michael F. Gildea	Director of Regulatory Policy, Duke Energy North America	In Person
Transmission Segment		
Steven C. Cobb	Manager Grid Access and Scheduling Services, Salt River Project	In Person
Jim Hicks, alt. for	Financial Consultant, PacifiCorp	In Person

¹ All motions during the meeting passed by consensus of all Executive Committee members in attendance.



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Gerrard		
John Lucas	Manager, Transmission Services, Southern Company	In Person
Mary Ellen Paravalos	Manager ITC Development, National Grid USA	In Person
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	Absent
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	In Person

11. Other Participation

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-Deputy Director

Observers to the Meeting:

Name	Company	In person/Phone
Sharla Barklind	NARUC	Phone
Shannon Black	SMUD	Phone
Andrew Dotterweich	Consumers Energy	Phone
Mark Fidrych	WQPA	In Person
Jim Hartwell	WPCC	In Person
Bill Heinrich	New York Public Service Commission	Phone
Melissa Lauderdale	EEL	In Person
Barry Lawson	NRECA	In Person
Mark Lively	Utility Economic Engineer	In Person
Bill Lohrman	NERC	In Person
Steve McCoy	CAISO	In Person
Jean Mason	Ameren	Phone
Sandy Murrey	WE Energies	Phone
Laurie Paulson	Hoffman-Paulson Associates	In Person
Marjorie Perlman	Energy East Management Corp.	In Person
Jay Poche	Entergy Services	Phone
Jansen Pollock	Constellation New Energy	Phone
Phil Precht	Baltimore Gas & Electric Co.	In Person
Barbara Rehman	Bonneville Power Administration	Phone
Barbara Robertson	Ontario Power Generation	Phone
Andy Rodriguez	PJM	In Person
William Smith	Allegheny Power	Phone
Don Sytsma	RJ Rudden	Phone
Karl Tammar	NYISO	In Person
Steve Terelmes	Ameren Energy	In Person
Steve Zavodnick	Baltimore Gas & Electric Co.	In Person