



September 8, 2003

Mr. Steve Corneli  
WEQ EC Vice Chair  
1301 Fannin, Suite 2350  
Houston, TX 77002

RE: WEQ 2004 Annual Plan

Dear Steve,

Below are Mirant's comments on the WEQ 2004 Annual Plan. Please accept my apologies for submitting them to you only a few days prior to the September 11<sup>th</sup> executive committee meeting.

**Part I. Comments on the Development Process**

- I. Goals and Objectives of Preparing the 2004 Annual Plan
  - Under item (b), suggest adding “, and other entities as appropriate.” to the end of the sentence. NAESB should leave the door open to entities like EPRI.
  - Regarding item (c), the plan items should not only be achievable, but timely as well. In other words, annual plan items need to be on the industry's current radar screen and have project schedules to meet short-term objectives in order to get the necessary industry participation.
- II. Needs, Opportunities and Challenges
  - Reflecting on item (b), broad industry support is an excellent goal, but where does the line get drawn? Should this be interpreted to mean that the WEQ would not develop regional standards? Would like to discuss this further on the 11<sup>th</sup>.

**Part II. Comments on the Annual Plan**

*Item 1. Develop Business Practices Standards as Needed to Complement Reliability Standards*

- In the first sentence under subpart (a), replace “action” with “authorization”
- Would like to see a global replacement of the phrase “business practices standards” with “business practices/standards” or “business practice standards”.
- It is probably assumed, but with respect to subpart (b) and (c), we may want to add language making it clear that NAESB will work with NERC to develop complementary business practices/standards as deemed applicable by NAESB. CY 2004 is a key year for the WEQ. NAESB must be weary of having too much put on its plate, draining limited resources.

*Item 2. Develop Business Practices Standards for OASIS and Electronic Scheduling*

- Agree with subpart (a) in principle, but we believe that it has the potential to fall prey to some of the challenges listed on page 2 of the straw proposal. With the delay of FERC's SMD, FERC's position on electronic scheduling is unclear. Without the "hammer" of an order from FERC, there's a strong possibility that NAESB will run into resistance to change (i.e., no strong client for standardization).
- Since the original draft, the WEQ has formed the Information Technology Subcommittee that will be the new home for members of the OSC. As such, the WEQ might want to include more detail as to some of the action items for 2004. For example, this group will need to address the existing OASIS Standard Communication and Protocol (SC&P) document. The OSC has also compiled a list of OASIS Phase IA issues that will need to be addressed in short order.

*Item 3. Develop Business Practices Standards to Improve the Current Operation of the WEM*

- Regarding the first bullet under subpart (a), recall that the Electric Trading Task Force attempted to take on the firm/non-firm issue and discovered that wide industry support did not exist. Northeast folks didn't seem to have an interest in tackling it (no perceived problem) while it's a hotly contested issue for the folks out West. Mirant is not suggesting that the issue should not be addressed, but it may be another item likely to fall prey to the issues raised on the "challenges" list.

*Provisional Annual Plan Items*

- Regarding item (e), *develop business practice standards as requested by the regional and state advisory groups*, I don't think it should be listed as provisional. Any regional or state advisory group can submit a request for the development of a standard to NAESB at any time (as can any industry participant). The request would move through the standard development process and, if found to be in scope, would be assigned for development by the EC under one of the Annual Plan items.
- The WGQ has the development of an "Energy Day" standard as a provisional item on its 2003 Annual Plan. We might want to include it on our annual plan as a placeholder since if the WGQ were to move forward, it should be a multi-quadrant effort.
- Regarding item (d), FERC reporting of Electricity Prices, we may want to give some consideration to moving it "above the line" (non-provisional item). I believe that this item is related to FERC docket PL03-3-000 and on September 5, FERC issued a request for comment on its proposed information collection procedures. On the other hand, this may be something that many companies have left with the Committee of Chief Risk Officers, so NAESB's involvement may be duplicative. I'd like to explore this on September 11<sup>th</sup>.

In summary, we at Mirant find both the process and proposed plan to be well thought out and appreciate the effort that you and the WEQ EC put into its development. We at Mirant look forward to working with you and the WEQ EC in finalizing and executing the 2004 Annual Plan.

Sincerely,



Alan Johnson  
Manager Business & Reliability Standards