

**Scope Document**  
**For**  
**NAESB Coordinate Interchange Business Practices**

**NAESB WEQ Executive Committee - Standards Review Subcommittee**  
**Coordinate Interchange Business Practices Task Force**

**September 9, 2003**

**NAESB Standard Request # R03013**

**Introduction**

The NAESB Coordinate Interchange Business Practices Task Force (CIBPTF) was formed to review the proposed NERC standard entitled, "Coordinate Interchange Transactions" and to recommend whether there is a need for a companion business practice.

**Purpose of the NERC Coordinate Interchange Transaction Standard**

Whereas a NERC standard drafting team has just begun the process of drafting the standard, the CIBPTF is relying on the Standard Authorization Request (SAR) for insight into this standard. As such, the analysis is preliminary. Based upon the approved SAR, there are two clear purposes for the Coordinate Interchange Transactions standard:

1. Ensure that implementation of Interchange Transactions between Sink and Source Balancing Authorities is coordinated by the Interchange Authority
2. Provide a mechanism for the identification of Interchange Transactions that could be utilized for congestion management and/or the relief of operating limit violations

**Actions Required Within the Standard**

- Reliability related data pertaining to interchange transactions should be verified by the IA:
  - Megawatt magnitude
  - Ramp start and stop times
  - Duration of Interchange Transaction
  - Existence of mutual agreement between parties to Interchange Transaction
  - Approval of Interchange Transaction by appropriate functional authorities
- Reliability related data pertaining to interchange transaction should be communicated to certain functional authorities:
  - Interchange Authority, Balancing Authority, Reliability Authority, Transmission Service Provider, Purchasing-Selling Entity

### **Items for a Companion Business Practice Standard**

- Documentation of a sales agreement required between parties of an Interchange Transaction
- Method of communicating transaction data pertaining to an Interchange Transaction (Including the formatting and timing of Reliability data)
- Business practice for submitting all Interchange Transactions, e.g.:
  - hour ahead including ramp times other than “top of hour”
  - day ahead (-ESA matches NAESB/NERC timing requirements)
  - intra hour (assuming an acceptable notice is provided, deals from ¼ to top hr)
  - long term
- Communicating approval and implementing the Interchange Transactions
- Communication requirements for revisions and changes by PSE or Generator after approval period (Includes data and timing changes)
- Special rules for handling of interchange transactions in, out and through Markets, Regions, and RTOs
  - Transmission losses (e.g.: financial market for losses, mw reduction)
- Accommodation of Regional differences
- Interchange Schedule Accounting
- Rules for the Software in “tagging” transactions (such as OATI)
- Timeline for approval of Interchange Transaction by appropriate Functional authorities
- Procedure for handling Ancillary Services.

Note that some of these items are contained in appendices to Policy 3 that should be reviewed as well.

### **Business Practice Concerns and Executive Committee Questions:**

NERC Policy 3 – Interchange will be deleted when the standard is implemented:

- NERC Policy 3 contains both reliability related practices which should be incorporated into NERC standards and Commercial practices which don't directly impact the reliability of the power system that should be incorporated into NAESB business practices. These business practices may not necessarily be companions to the NERC standard.
- A coordinated effort between NERC and NAESB is required to prevent the unintended loss of practices currently contained in Policy 3 and its appendices.

Should NAESB provide a forum for vendors to bid out their services for “tagging” in the future?

Should the definition of software specifications and similar tasks be part of the scope of this effort?

Should the scope of the effort be very specific to only address those items that are needed to complement the NERC efforts, or should the scope encompass industry market-based needs related to coordinate interchange business practices?

What other items should be added to this request? The CIBP scope is based on NERC Policy 3. If there are other approaches identified, they will be considered by the drafting team.

**Questions for NERC**

Will NERC or NAESB address schedule accounting?

**Comments Received by September 10, 2003:**

- PJM
- Reliant Energy

The comments are posted on the NAESB web site, and will be forwarded to the drafting team for consideration as it begins the process of drafting the standards.