



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 – December 9, 2003

DATE: December 16, 2003

**Wholesale Electric Quadrant Executive Committee
Tuesday, December 9, 2003
10:00 a.m. to 4:00 p.m. Central
Houston, TX**

1. Welcome

Mr. Cobb called the meeting to order and welcomed attendees. Mr. Oncken gave the antitrust advice. Mr. Oncken called the roll of Executive Committee members and quorum was established.

Mr. Cobb reviewed the 2004 Executive Committee meeting schedule. The Executive Committee will meet February 24-26, May 4-6, August 24-26 and November 16-18, with the WEQ meeting on the first day of each session. It was noted that interim meetings could be called on an as needed basis. Locations are still being determined and in cases where a host is not available, the meetings will be held in Houston. Mr. Lucas moved, seconded by Mr. Norris, to accept the meeting schedule for 2004. The motion passed absent opposition.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Mr. Jackson moved, seconded by Mr. Green, to modify the agenda to install the 2004 WEQ Executive Committee officers as agenda item 3 and adopt the modified agenda. The motion passed unanimously absent objection.

Mr. Berwager moved, seconded by Mr. Gallagher, to adopt the draft minutes of the Wholesale Electric Quadrant October 7, 2003 Executive Committee meeting as drafted. The motion passed unanimously.

3. Installation of 2004 Executive Committee Officers

Ms. McQuade announced that Mr. Oberski and Mr. Cobb were elected as chair and vice chair, respectively, of the WEQ Executive Committee for 2004. It was noted the transition usually occurs during the February meeting. Mr. Oberski made brief comments, particularly noting that 2004 will be the defining year for the WEQ based on its accomplishments.

4. Review of Board approved 2004 Annual Plan and Assignments

Mr. Oberski stated the Board of Directors approved the draft 2004 WEQ Annual Plan without modification at its December meeting. Mr. Oberski noted the November 14 letter from Chairman Wood addresses each 2004 Annual Plan item heading. Participants discussed the subcommittee assignments for all 2004 Annual Plan items, which are reflected in the attached 2004 Annual Plan.

During discussion of annual plan item assignments significant time was spent discussing the reporting relationships of task forces and procedures for reassignment of Standards Review Subcommittee (SRS) scoping task forces as standards drafting task forces under a standards drafting subcommittee, such as the Business Practices Subcommittee (BPS) or Electronic Scheduling Subcommittee (ESS). While no bright line rule was developed, it was agreed that for current SRS task forces, the SRS would have the discretion to determine when the scoping phase



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was complete and the transition would be appropriate. For future SRS initiatives, it was agreed standards requests that were more complete prior to presentation at the Joint Interface Committee (JIC) could lead to an easier transition. It was noted that reassignment of task forces was not intended to impact the internal workings or composition of the task force, just an administrative reporting change at the Executive Committee level. Another element recognized during discussion was that the charters and scopes of the BPS, ESS and Glossary Subcommittees have not yet been defined.

Item 1 of the 2004 Annual Plan directly relates to the SRS's efforts to evaluate NERC SARs and begin the scoping process for companion NAESB standards, where appropriate. While Mr. Yeung provided an update of all current SRS initiatives and each element of item 1 was thoroughly discussed, extensive discussion surrounded the work of the Coordinate Interchange Business Practices (CIBP) Task Force (see 2004 Annual Plan Item 1(a)(ii)). Mr. Carter provided an update on the status of the CIBP, noting that the task force has attempted to move from the scoping document towards standards drafting, and in fact has begun work on a strawman. Mr. Carter stated the preliminary thought is that the NAESB standard will cover all elements through the front-end process prior to presentation to the Interchange Authority (IA). In light of that status report and other discussion, Mr. Dison moved, seconded by Mr. Jackson that Request R03013 remain assigned to the SRS until such time as the SRS determines it has been fully scoped and properly reassigned to the ESS. After limited discussion, the motion passed unanimously.

Mr. Desselle expressed concern that scoping efforts after JIC review and assignment could in effect circumvent the JIC process. Executive Committee members recognized this as an issue. Participants agreed that more complete scoping of associated issues prior to drafting a NAESB standards request and presenting that request to the JIC would help address those concerns. Additionally, a preference was expressed that companion NAESB standards run on a parallel path with NERC SARs. To aid in timing, Mr. Gallagher offered to invite a NAESB SRS representative to participate when a NERC SAR drafting team starts, so scoping of any NAESB companion standard could start as the SAR scoping began.

It was noted that the other parts of Item 1 – Coordinate Operations (see 2004 Annual Plan Item 1(a)(iii)), Operate Within Limits (see 2004 Annual Plan Item 1 (a)(iv)), Balance Resources and Demand (see 2004 Annual Plan Item 1(a)(v)), and Facility Ratings (see 2004 Annual Plan Item 1(a)(vi)) – are under various stages of review by the SRS. Mr. Yeung stated it is likely a request for NAESB Standards would be developed for the OWL based on a NAESB analysis of which portions of the current NERC Policy are addressed by NERC's OWL standard. Mr. Yeung suggested that in cases where NAESB's preliminary determination is that no companion standards to NERC SARs or Standards are needed, the items remain on the SRS agenda for continued monitoring until the NERC process is complete. During discussion on NERC's Facility Ratings Standard, Mr. Norris expressed concern about NERC SARs and standards that give great discretion to the utilities. Mr. Johnson echoed Mr. Norris's concerns. Mr. Yeung suggested that any party could make a request for a NAESB standard to address issues that they identify as significant.

Additional significant discussion surrounded the assignment of Item 4, *Determine the need for and develop, if necessary, standard(s) requests for electric or gas standards required to provided additional flexibility in generation scheduling (including gas nominations.* Given the scoping nature of the task involved and general importance to the industry as evidenced by Chairman Wood's letter, it was unanimously decided to establish the Electric-Gas Coordination Task Force as an Executive Committee task force to participate in the multi-quadrant Gas-Electric Coordination Task Force. Mr. Jackson and Ms. Perlman volunteered to co-chair the WEQ task force. Mr. Desselle suggested that the WEQ task force should evaluate the issues contemplated by Item 4 and continue to work toward a resolution of the issues through the multi-quadrant task force. If however, the



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multi-quadrant task force is not making sufficient progress, Mr. Desselles suggested the WEQ task force should continue with its activities and initiatives.

5. Subcommittee Updates and Final Update to the 2003 Annual Plan

Business Practices Subcommittee: Ms. McQuade reported Mr. Goss would co-chair the Business Practices Subcommittee. Additional co-chairs are being solicited.

Mr. Terelmes provided an update on the Inadvertent Interchange Payback Task Force (IIPTF). He stated the IIPTF has recently completed an assessment of its accomplishments to date and set goals for 2004. Of note, Mr. Terelmes stated the task force has set October 2004 as the target date for drafting completion. Mr. Terelmes reviewed the agenda for the next IIPTF meeting, which is scheduled for December 10-11, 2003 in Houston, TX. It was noted the results of the meeting will likely set the tone and basis for the task force's activities in 2004.

Electronic Scheduling Subcommittee: Mr. Dison provided an update on the ESS. He stated the ESS co-chairs – he, Mr. Rodriguez and Mr. Simonelli – have met and prepared a draft mission statement in anticipation of the first ESS meeting being held December 15-16, 2003 in Washington, DC. Mr. Dison reviewed the draft mission statement. After presentation, Mr. Dison moved, seconded by Mr. Cobb, that the Executive Committee accept the draft mission statement of the ESS. A key point of discussion was the section regarding adoption of existing OASIS Business Practice Standards. Mr. Dison explained that adoption of those orders would serve as a basis for going forward and making modifications to the standards. Ms. McQuade clarified that the FERC has expressed a preference for this procedure, since it would provide a vehicle for centrally locating the standards and a mechanism for the incorporation of future enhancements by reference – a long-standing process used by the FERC in adopting wholesale gas standards. Participants debated whether it was appropriate or advisable to adopt the existing orders as NAESB standards, or if it would be better to establish the existing regulations as a base-line without adopting them as standards. Mr. Dison noted those are two distinct approaches for moving forward.

During discussion of the motion, alternate language was offered regarding adoption of those orders would serve as a basis for going forward (bullet one) and the specificity of including E-tag (bullet 3). The movant and seconder accepted both language changes. Revised language is shown as an attachment to these minutes. The Executive Committee unanimously adopted the amended mission statement of the ESS.

Mr. Dison reviewed the proposed process for expedited adoption of the FERC Orders as NAESB standards. The process is outlined in a work paper found under Tab 8 of the meeting materials. This item was discussed for informational purposes. It was noted that the Executive Committee could be asked to vote on the recommendations during its February meeting.

Glossary Subcommittee: Mr. Reed reported on the Glossary Subcommittee. He stated that although the subcommittee has not held its first meeting, the co-chairs are discussing the subcommittee's processes. He stated the subcommittee would first pool existing resources and evaluate where the definitions are similar and where they diverge. The Executive Committee discussed the subcommittee's role in the standards development process. It was decided the subcommittee would be the record keeper of terms, as well as the arbiter of definitions on contentious issues. It was noted that definitions would likely be proposed out of the standards drafting subcommittees. Additionally, the Executive Committee identified that a function of the subcommittee would be to research proposed definitions and their impacts on existing standards. Mr. Reed stated the first subcommittee meeting is planned for January 2004.

Standards Review Subcommittee: Mr. Yeung reported on the SRS and referred Executive Committee members to the previous discussion on the 2004 Annual Plan. Mr. Yeung stated the



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SRS has scheduled its next meeting for January 8 at the NAESB Office. He stated the subcommittee will receive updates from the task forces and work on the Operate Within Limits Business Practices (OWL-BP) with the anticipation of the completion of a scope document to be incorporated into the standards request prior to its submission to the JIC.

Information Technology Subcommittee: Mr. Johnson reported on the Information Technology Subcommittee (ITS). Mr. Johnson stated the ITS has met twice since the last Executive Committee meeting. During the first meeting, Mr. Johnson stated the ITS established the OASIS 1A Issues Task Force and Registry Task Force, and developed its mission statement – which has subsequently been approved by the Executive Committee. For the OASIS 1A Issues Task Force, Mr. Johnson said the group has met numerous times to evaluate the open issues list prepared by the OSC and determine which issues the ITS should address. Mr. Landrum and Mr. Johnson, co-chairs of the ITS, prepared a letter to the Executive Committee detailing the results of the task force's work as a work paper for the meeting. In short, the task force determined five items were ripe for NAESB action, but no standards requests have been developed. Mr. Dison noted several of the items had impacts for both the ITS and ESS and the leadership of those subcommittees will meet to determine how to move forward on those items. Mr. Johnson stated the second ITS meeting was held jointly with NERC's TISWEG and the NERC/NAESB registry issues were discussed. Mr. Johnson reported that it was decided to maintain the status quo with NERC maintaining the registry at this time.

Seams Subcommittee: Mr. Cobb reported on the Seams Subcommittee. He stated the subcommittee has finalized the Seams Catalog, consisting of 134 items, and will present it today for Executive Committee approval. The affect of approval is that the catalog would be frozen to new issues and distributed to the industry for discussion and further action as necessary. Additional seams that are identified will go through a process similar to the process completed here. It is anticipated that the JIC will review the catalog and make assignments for standards development. Mr. Cobb presented an overview of the catalog, including a discussion of categories and subcategories and a work plan. Mr. Cobb explained the catalog consists of submissions by 19 participants and no independent research was done. Mr. Cobb noted that the subcommittee meetings and conference calls were very well attended, and ISO/RTO representatives were very active.

Mr. Cobb stated the Seams Subcommittee will make a recommendation to the JIC as to which items should be referred to NERC, NAESB or the ISO/RTO Council (IRC). Mr. Cobb, Mr. Tammar and Mr. Museler will work on that strawman, but the process is open. A meeting of the NAESB JIC representatives will be held prior to the JIC meeting to discuss the Seams Catalog.

Mr. Cobb stated there is an open issue as to who will be the keeper of the catalog and serve as the project manager for seams issues. There was a preference stated that NAESB not serve as a project manager, and instead focus on its mission to draft business practice standards through the established relationships and coordination protocols with NERC.

Mr. Cobb stated comments were received from Mr. Green and Mr. Rossignoli after the subcommittee voted to forward the catalog to the Executive Committee. The comments and proposed modifications were reviewed. Mr. Norris moved, seconded by Mr. Green, to accept Mr. Green's proposed modifications and take no action on Mr. Rossignoli's proposed modifications. During discussion, it was noted that Mr. Green's proposed modification related to one of his submissions, but Mr. Rossignoli's proposed modification related to an item he did not submit. Additionally, it was noted that neither Mr. Rossignoli nor the submitter was present to discuss the proposed modification. The motion passed unanimously.

Mr. Green moved, seconded by Mr. Johnson, to accept the Seams Catalog as complete and ready for industry distribution. After limited discussion the motion passed unanimously.



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Update of 2003 Annual Plan: There were no changes to the 2003 Annual Plan.

6. Liaison Efforts

Ms. McQuade reported on liaison efforts with external organizations. Her report included information on NERC, the JIC, meetings with Western interests, the November meeting with Chairman Wood, and the December 1 FERC meeting.

NERC: Ms. McQuade reported that NERC and NAESB have good coordination on many levels. As an example, she stated NAESB representatives are included in the NERC Transition Team – an effort to evaluate current NERC Policies and transform them into reliability standards. Mr. Oberski noted that the NERC Markets Committee established an MC/SRS and Seams Task Force as a direct correlation task force to be more responsive to SRS and Seams Subcommittee needs. Mr. Oberski stated Mr. Brown will chair that task force.

Joint Interface Committee: Ms. McQuade reported that a JIC meeting, while not currently scheduled, will likely occur in the first quarter of 2004.

Outreach Meetings: Ms. McQuade reported that she and Mr. Desselle visited the Seams Steering Group – Western Interconnection (SSG-WI), Western Electricity Coordinating Council (WECC), California Public Utility Commission, California Energy Commission, Northwest Power Planning Council, Los Angeles Department of Water and Power, Western Area Power Administration, RTO West and West Connect. She explained the purpose of the visits was to provide information on NAESB and to encourage participation in the NAESB process. Further, she stated a key message communicated during the meetings was that NAESB's process can accommodate regional differences. Ms. McQuade said the visits were well received.

Meeting with Chairman Wood: Ms. McQuade reported that she, Mr. Desselle and Mr. Haynes met with Chairman Wood on November 10. She also noted Mr. Wood responded with correspondence on November 14. Please see discussion of the Annual Plan above for more detail on the meeting with Chairman Wood.

FERC meeting on 12/1: Ms. McQuade reported that several NAESB representatives attended the December 1 meeting at the FERC. She said the meeting was scheduled to discuss working under the legislation created by the Energy Bill. However, since the legislation was not finalized, the meeting became an opportunity for participants to discuss issues surrounding the blackout with the new Commissioners.

7. Board Meetings 12-04-03 Review

Mr. Oberski and Ms. McQuade reported on the NAESB Board of Directors meeting held on December 4, 2003. Mr. Oberski stated the Board approved the 2004 Annual Plans for all Quadrants and approved the 2004 Budget. Mr. Oberski reviewed the new conference calling policy where a \$50 fee will be assessed per line for conference calling attendance when the opportunity to attend in person is available. As an alternative, Mr. Oberski noted member companies can pay a one time fee of \$1000 which would cover all conference calling needs of the organization for 2004. Ms. McQuade added that for conference calls that were sponsored by organizations, the fee would not be assessed. Mr. Illian and Mr. Terelmes noted their opposition to the fee, stating the fee would hinder participation in the IIPTF.

Mr. Oberski also reported on the December 3, 2003 WEQ Board and Executive Committee Subcommittee Leadership meeting. He stated the following key points were developed: 1) the need for additional volunteer resources to prosecute the Annual Plan items; and 2) need for increased interactions with the FERC. During discussion of the report, it was suggested that increased interactions with key personnel at the FERC would provide the opportunity for clear direction at the



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FERC level, and increased industry participation in response. It was noted the wholesale gas quadrant had that level of direction during its formation. Not all Executive Committee members shared the desire for the FERC to set a deadline for action in an order, but instead would prefer the industry work at its own pace.

8. New Business

Mr. Green reported on the establishment of the Alliance West TLR Task Force at a recent NERC Markets Committee (MC) meeting. Mr. Green stated Alliance West reported to the MC that a high number of TLRs is resulting in reliability issues. Mr. Green said the task force will propose a solution to this Alliance West specific issue to the MC in March. Mr. Green stated the task force's work could have implications for NAESB, including issues around data exchange, use of counterflows, parking and hubbing, and the threshold for TLR. Mr. Green serves as the NAESB representative on the task force.

9. Adjourn

Mr. Oberski adjourned the meeting at 3:45 p.m. Central.



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10. Executive Committee Attendance and Voting Record¹

End User Segment	Title, Organization	Attendance
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	Phone
V A C A N C Y	To be filled by the Large Industrials sub-segment	
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	Absent
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	In Person
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	Phone
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	Absent
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	Phone
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	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	Phone
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	In Person
Steven B. Corneli	Director of Regulatory Affairs, NRG Power Marketing Inc.	Absent
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	In Person
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 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	Absent

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



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Transmission Segment

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

11. Other Participation

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-NAESB Staff
Jim Cargas	-NAESB Staff

Observers to the Meeting:

Name	Company	In person/Phone
Robert Blohm	Consulting Economist	In Person
Scott Brown	Exelon	Phone
Yvette Camp	Southern Company	Phone
Roman Carter	Southern Company	Phone
Phil Cox	American Electric Power	In Person
Ed Davis	Entergy	In Person
Tim Gallagher	NERC	In Person
Ken Gates	Conectiv	Phone
Francis Halpin	Bonneville Power Administration	Phone
Bill Heinrich	New York Public Service Commission	Phone
Howard Illian	EnergyMark	In Person
Ruth Kiselewich	Baltimore Gas & Electric	In Person
Melissa Lauderdale	EEI	Phone
Barry Lawson	NRECA	Phone
Steve McCoy	California ISO	Phone
Lawrence Paulson	Hoffman-Paulson Associates	In Person
Marjorie Perlman	Energy East Management Corp.	Phone
Barbara Rehman	Bonneville Power Administration	Phone
Lisa Robert	Defense Energy Support Center	Phone
Marv Rosenberg	FERC	Phone
Steve Terelmes	Ameren	In Person
Phillip Wiginton	Tennessee Valley Authority	In Person
J. T. Wood	Southern Company	Phone