



North American Energy Standards Board

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via email and posting

TO: NAESB WEQ Electric Trading Task Force (ETTF) Conference Call Participants and Posting for Interested Parties

FROM: Rae McQuade, Executive Director

RE: NAESB WEQ ETTF Conference Call Minutes – February 14, 2003

DATE: February 15, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ Electric Trading Task Force (ETTF) Conference Call
February 14, 2003, 1:00 p.m. to 4:00 p.m. CST**

1. Welcome

Ms. McQuade welcomed participants, Mr. Oncken gave the antitrust advice, and participants introduced themselves.

2. Determination of Task Force Leader(s)

Ms. McQuade noted that when this task force was established during the January 24, 2003 WEQ Market Operations Subcommittee (MOS) meeting, no one volunteered to lead the group. Accordingly, Ms. McQuade solicited volunteers to lead the ETTF. Mr. Johnson and Mr. Hopf volunteered to chair the task force. Ms. McQuade turned over leadership of the call to Mr. Johnson and Mr. Hopf.

3. Review of charge of the task force

Ms. McQuade reviewed the charge of the task force, as developed during the January 24 MOS meeting:

“Task Force for Annual Plan Items 4 a and c: formation of a task force to address items 4 a and c:

4a. Establish a standardized electric trading day.

4c. Establish standard business practices relating to: i) Definition and treatment of firm/nonfirm power; ii) Definition and treatment of firm/nonfirm transmission; iii) Provision of reserves for transactions across multiple control areas.”

Ms. McQuade noted a NAESB standards request and scoping document should be developed prior to the March MOS meeting. Once the request is submitted to the MOS, it will be forwarded to the NERC/NAESB JIC for consideration at the March JIC meeting.

4. Plan for scoping document and identification of issues

Annual Plan Item 4a., Establish a standardized electric trading day.

Participants discussed the nature of a standardized electric trading day. Mr. Johnson noted the charge of the task force was to determine if a standardized electric trading day was necessary; and if deemed necessary, to determine which elements to standardize. Mr. Johnson recalled the underlying purpose of the WEQ Executive Committee when placing the standardized electric trading day item on the annual plan.



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Mr. Johnson said the basic issue was whether it was practical to use one time standard instead of functioning through the various time zones.

As an example, participants discussed the standardized natural gas trading day. It was noted this standardization provided great economic benefits to all market participants and avoided a lot of confusion. However, it was noted the physics of electricity are different than gas. Discussion highlighted the fact that electricity is traded differently in different geographic location, with some locales using dispatch and others using bilateral markets.

Participants agreed exploring the concept of, and need for, a standardized electric trading day was needed. In fact, one participant suggested work on the standardized electric trading day as the primary focus of the ETTF. Mr. Thompson noted that aside from standardization across time zones, it would be helpful to understand the system used by MISO and PJM. Additionally, it was noted that several small issues could be addressed, such as hour ending and hour beginning. It was suggested that OASIS standards could be used as a starting point for defining timelines.

Accordingly, the issues surrounding standardization of an electric trading day were slated for discussion at the February 19 meeting. Participants outlined some preliminary issues for discussion, including day ahead, real time, time frames, and time lines. It was noted these concepts have different meanings in different markets, so participants should define terms where possible.

The following participants volunteered to provide information for discussion at the February 19 meeting on current timing practices, by region: Ms. Rehman for the West; Mr. O'Hara for New England (providing data on the standard market which will begin on March 1, 2003); Mr. Hopf for MISO; and, Mr. Johnson for PJM and MISO. Additionally, since the standard would affect Canadian companies as well, any interested Canadian companies were invited to provide information on the Canadian market, particularly as it applies to Canadian/American transactions.

Going forward, it was suggested the information reported at the February 19 meeting be compiled into a spreadsheet. Ms. McQuade noted the compiled document could be used to develop the scoping document and standards request. Additionally, participants felt the compiled document would aid in the identification of issues and determination of significant differences, as well as providing background for the topic.

Annual Plan Item 4c., Establish standard business practices relating to: i) Definition and treatment of firm/nonfirm power; ii) Definition and treatment of firm/nonfirm transmission; iii) Provision of reserves for transactions across multiple control areas.

Participants discussed the definition and treatment of firm/nonfirm power and transmission. Ms. Rehman noted this topic is very controversial in the West and suggested the task force find no standards are needed in this area at this time.

Mr. Wolf suggested this item might better be developed through the WEQ Contracts Subcommittee. Mr. Johnson noted the Master Service Agreements Task Force of the Contracts Subcommittee would be examining both the EEI and WSPP contracts, and expects this terminology will be present in both of those agreements. Ms. Rehman noted the contracts are silent on these definitions, and users of the contracts are looking to the reliability regulators to define them. She also noted the WECC has been working on the issue for about four years, sporadically, and will meet again on it next



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week. WECC is a committee of NERC, so resultant WECC developed standards would in effect be NERC standards.

Participants discussed whether definition and treatment of firm/nonfirm power and transmission was a regional issue applicable only to the West. Mr. Johnson noted he did not recall it being an issue in the North East. Mr. Halpin said the definitions are less of an issue where RTOs exist. However, he said in the West, where markets are bilateral, the need for term definition is greater.

Mr. Johnson offered to seek clarification from the Executive Committee on the meaning of this annual plan item. Additionally, it was noted the discussion surrounding the placement of this item on the annual plan could be found in the transcripts of the meeting where the 2003 WEQ Annual Plan was developed. Ms. Rehman said the item was most likely added by Mr. Berwager, who had asked her for help defining the current issues in the West. Ms. Rehman noted that while definition and treatment of firm/nonfirm power and transmission was a current issue, she did not view it as an issue NAESB should develop standards on in the immediate time frame.

Ms. McQuade noted this item deserves further discussion, but a viable task force response would be that the ETTF, at this time, does not believe there are any issues on the definition and treatment of firm/nonfirm power and transmission that merit standards development by NAESB. Ms. McQuade cautioned if the ETTF decided the definition and treatment of firm/nonfirm power and transmission was not an area for NAESB standards development, NAESB should not spend significant resources collecting data and doing research.

Mr. Johnson stated he was not sure there was concurrence regarding a no standards finding on the provision of reserves for transactions across multiple control areas. However, he felt the ETTF needed more information to frame this issue, so he proposed to research the meaning of the provision of reserves for transactions across multiple control areas prior to the February 19 meeting.

5. Review of Request Form to completion prior to March 6 meeting

Review of the request form was postponed until the February 19 meeting.

6. Other Business

No other business was discussed.

7. Adjourn

The call adjourned at 2:20 p.m. CST.



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8. Meeting Attendees:

Name	Company	Notes
Don Carlson	Wisconsin Public Service	
Linda Clarke	Exelon	
Doug Frazier	Chelan County Public Utility District	
Francis Halpin	Bonneville Power Administration	
Robert Harshbarger	Puget Sound Energy	
Joe Hopf	Ameren Energy	Co-chair
Alan Johnson	Mirant	Co-chair
Bill Lamb	Bonneville Power Administration	
Rae McQuade	NAESB Executive Director	Administrative
Bill O'Hara	Northeast Utilities	
Todd Oncken	NAESB	Administrative
Barbara Rehman	Bonneville Power Administration	
Dave Slick	Salt River Project	
Ed Thompson	Consolidated Edison	
Dean Ulch	Southern Company	
Jeremy Weinstein	PacifiCorp	
Matt Wild	Entergy	