



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

NAESB-NERC Joint Interface Committee

January 10, 2003 — 9 a.m.–3 p.m.
Airport Marriott
Tampa, Florida

Meeting Minutes

Attendance

NAESB Members:

Michael Desselle
Steven Corneli
David McMillan
Dale Landgren
Charles Yeung
John A. Anderson
Alex DeBoissiere

NERC Members:

Ricky Bittle
Walter Johnson
Sam R. Jones
Edward Schwerdt
Ronald Threlkeld
Mark Fidrych

NAESB Alternates:

Barry Green
Robert Goss
Edward Davis
Gary L. Jackson
Mary Ellen Paravalos (phone)
Alan Johnson (phone)
Andy Dotterweich

Jim Templeton

NERC Alternates:

Linda Campbell

Secretary:

Tim Gallagher

Guests:

Rae McQuade, NAESB
Bill Boswell, NAESB
Glenn Ross, Dominion
David Cook, NERC
Steve Wallace, Seminole Electric Cooperative
Jim Buccigross, 8760
Joelle Ogg, John & Hengerer (Anti-trust Attorney)
Julie Cox (Transcriber)
Jeff Mueller, PSE&G
Lane Mahaffey, Seminole Electric Cooperative
Joe Welborn, Seminole Electric Cooperative
Cecilia Liang-Nicol, Allegheny Energy Supply

1. All present were introduced. Mr. Boswell welcomed the group. Transcripts will be kept of JIC meetings and a transcriber attended this meeting. Joelle Ogg, counsel with John and Hengerer, served as anti-trust counsel for the meeting and reviewed the anti-trust guidelines.

2. Michael Desselle and Glenn Ross presented the NAESB-NERC Memorandum of Understanding (MOU) to the group, including its formation. The JIC was created as a result of the MOU.
 - a. The role of the JIC, which is to review proposals for standards received by NAESB and NERC and to determine in which organization's process these standards are most appropriately developed, was presented and discussed.
 - b. The MOU is a living document; experience gained in its implementation may lead to MOU modifications in the future.
 - c. Section 2.8 of the MOU states that JIC determinations may be overturned by NERC or NAESB within 30 days. It is hoped that this clause will not often be exercised.
 - d. It is not envisioned that NERC or NAESB will endorse or ratify reliability standards or business practices developed by the other organization. The MOU assumes that both processes are valid. Either organization has the opportunity to fully participate in the development of reliability standards and business practices once they have been assigned.
 - e. It is anticipated that standards proposals that are submitted to the JIC will be specific enough and include enough detail to enable the JIC to weigh their commercial and reliability consequences so as to avoid the need to split a standard into two pieces to be developed by both organizations. The JIC's focus is to make a determination of where to develop the proposal and not to parse it.
3. Michael Desselle and Ricky Bittle were appointed by the boards of NAESB and NERC, respectively, as JIC co-chairs for 2003. JIC co-chair is a voting position.
4. Michael Desselle presented appendix A of the MOU for group discussion. This Appendix is intended to serve as a guideline or starting point for the JIC in making its determinations for assignment of standards development and is not intended to be all-inclusive or constraining.
5. Sections 2.2–2.3 and Appendix C of the MOU contain the voting procedures that will be used by the JIC. Each organization receives 50% of the vote, which is divided equally among the members present at each meeting. No notational ballots or proxies will be permitted. Alternates will vote if the primary representative is absent. Participation and vote by conference call is acceptable. A simple majority is needed for a final decision. In the event of a tie, the chairmen of NAESB and NERC will resolve it. A majority of NERC and NAESB members must be present for a quorum.
6. NAESB JIC alternates have been appointed. NERC alternates have not yet been appointed.
7. Walter Johnson presented two proposals for reliability standards to the JIC that were submitted into the NERC process. The scopes for both have been through multiple rounds of industry comment and have been authorized to move into standards drafting by NERC's Standards Authorization Committee (SAC).
 - a. Balance Resources and Demand
 1. The purpose of this proposed reliability standard is to maintain system frequency and thus the reliability of the interconnected electric grid. In the process of developing this request for a standard, some business practices were identified and removed in consideration of industry comments. An example of this is inadvertent

energy payback, which is not included in this standard request and has been referred to NAESB and included in their 2003 annual plan.

The proposal does not dictate how to balance resources and demand, but rather requires that it be accomplished.

Sam Jones made a motion to assign development of this reliability standard proposal to the NERC process, seconded by Steve Corneli.

Discussion — the following comments were made:

- There are commercial impacts associated with this standard and those who cooperate in maintaining the balance of resources and demand must be compensated. (Some felt that such compensation is neither a NERC nor a NAESB issue and should instead be addressed by FERC).
- The specific actions taken by balancing authorities to balance resources and demand must not be prescribed by this standard.
- The standard should not exclude any options available to achieve a balance between resources and demand (including interruptible loads, for instance).
- The JIC should not be directing the actions of standards drafters; the JIC should only determine which process (NERC or NAESB) should be used to develop the standard.
- A list of minority opinions/unresolved issues raised during the NERC and NAESB comment periods should be included in the JIC background materials for each standards proposal.

A vote on Mr. Jones' motion was conducted. The motion to assign development of this standard to NERC passed by unanimous vote of the 8 NAESB representatives (Andy Dotterweich cast a vote as the alternate for Syd Berwager, who was not in attendance) and a unanimous vote of the 6 NERC representatives.

b. Operate Within Limits — Monitor and Assess Short-term Transmission Limits

1. This proposal does not set transmission system limits, as this will be handled in another SAR, but rather requires that transmission limits be honored. Responsible entities must be able to monitor the limits and provide and perform corrective actions if limits are exceeded. The standard proposal does not prescribe what the corrective actions must be.

Walter Johnson made a motion to assign development of this reliability standard proposal to the NERC process, seconded by John Anderson.

Discussion — the following comments were made:

- How does this SAR fit in with another one to manage congestion? Are the corrective actions intended as congestion management? This should not be the primary method for mitigating congestion.
- The corrective actions are not dictated in the standard and are not specified as congestion management.

- This standard also has commercial implications, for example it might make generators run out of merit. There is concern that some may use the standard as an excuse for unfair practices.

A vote on Mr. Johnson's motion was conducted. The motion to assign development of this standard to NERC passed by unanimous vote of the 8 NAESB representatives (Andy Dotterweich cast a vote as the alternate for Syd Berwager, who was not in attendance) and a unanimous vote of the 6 NERC representatives.

8. There was discussion regarding what actions the JIC can take after evaluating a proposal for a standard. The following conclusions were reached:
 - a. The JIC must either assign the standard to NAESB or NERC for development or remand the proposal to its initiator for further information.
 - b. JIC comments on the content of the proposed standard are a matter of record. Meeting transcripts can be accessed so that comments can be reviewed by anyone, including the drafters of the standards.
9. Sharing of Annual plans
 - a. Michael Desselle and Steve Corneli presented the 2003 NAESB annual plan to the group. Every effort will be made to coordinate the NAESB and NERC annual plans. This is the first annual plan developed for the Wholesale Electric Quadrant (WEQ). All items on the plan will eventually be submitted to the JIC for evaluation, but the point at which this will occur has not been finalized yet.
 1. Dave McMillan is working with a NAESB group to re-write their procedures to allow for a step between the annual plan and the drafting of the standard. This modification will aid the JIC in making determinations at the appropriate time. This effort should conclude in the next 30-60 days.
 - b. Ricky Bittle presented the 2003 NERC annual plan for the development of reliability standards. Mr. Bittle explained that the annual plan was developed prior to the signing of the MOU. Proposals for reliability standards will be submitted to the JIC after they have been reviewed by the industry and approved by the SAC, consistent with the MOU.
10. Future meetings
 - a. The next JIC meeting will be held on March 21 in Washington, DC.