

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions
June 15, 2003**

R03013

North American Energy Standards Board

**Request for Initiation of a NAESB Standard for Business Transactions
or
Enhancement of an Existing NAESB Standard for Business Transactions**

Instructions:

- 1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**
- 2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**
- 3. Once completed, send your request to:
Rae McQuade
NAESB, Executive Director
1301 Fannin, Suite 2350
Houston, TX 77002

Phone: 713-356-0060
Fax: 713-356-0067**

by either mail, fax, or to NAESB's email address, naesb@aol.com.

Once received, the request will be routed to the appropriate subcommittees for review.

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions
June 15, 2003**

R03013

COORDINATE INTERCHANGE BUSINESS PRACTICES

North American Energy Standards Board

**Request for Initiation of a NAESB Standard for Business Transactions
or
Enhancement of an Existing NAESB Standard for Business Transactions**

Date of Request: June 15, 2003

1. Submitting Entity & Address:

NAESB Members of the Joint Interface Committee

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Charles Yeung	Director, Business Standards, Reliant Energy Services, Inc. NAESB WEQ Executive Committee Member and Co-Chair of the WEQ Standards Review Subcommittee
Work:	713-497-2935
Fax:	713-207-9172
E-Mail:	cyeung@reliant.com
Address:	P.O. Box 286 Houston, TX 77001-0286

3. Description of Proposed Standard or Enhancement:

Provide complementary business practice standards to support the Coordinate Interchange Standards Authorization Request assigned to the North American Electric Reliability Council. Business practices may be needed for market participants to provide any necessary data for the analysis of 'interchange' as defined by NERC for reliability purposes. Business practices may also be needed for the format and timing of the data submittals.

4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions
June 15, 2003**

R03013

There exist known market impacts to the development of the reliability standards to support the Coordinate Interchange function. Standard markets are not assumed. Business practices may be needed for the format and timing of the data submittals. As a corollary, business practices may be needed for market participants to provide any necessary data for the analysis of 'interchange' as defined by NERC for reliability purposes. The NERC effort notes that the data format and timing for commercial transactions is at the discretion of the market participant, in concert with the balancing authority (BA), reliability authority (RA), transmission service provider (TSP) and PSEs. If the RA, BA and TSP can all perform the necessary reliability analysis in time to implement a transaction request, then the reliability standard would allow the transaction to be implemented.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

Clearly it is important to coordinate reliability standards development with the accompanying business practice standards. Specific market based proposed standards were not included in the scope of the Coordinate Interchange SAR.

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

Reliability systems used to provide data for reliability analysis and to implement transactions may be impacted.

7. Description of Any Specific Legal or Other Considerations:

FERC or other regulatory requirements must be considered.

8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

N/A

9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:

N/A

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions
June 15, 2003**

R03013

10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

See NERC SAR "Coordinate Interchange" attached as Attachment A along with comments forwarded by Mr. Yeung regarding the SAR. Also the minutes from the Joint Interface Committee on June 2 ,2003 and the May 8 SRS discussion paper on the SAR can be referenced for discussion on the request.

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.

Issues for consideration by NAESB during business practice standard development:

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.

Other issues to be addressed during business practice standard development:

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.