



North American Energy Standards Board

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via email and posting

TO: NAESB WEQ Standards Review Subcommittee Participants and Interested Parties
FROM: Todd Oncken, Deputy Director
RE: Wholesale Electric Quadrant Standards Review Subcommittee Meeting Minutes – January 8, 2004
DATE: January 30, 2004

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ STANDARDS REVIEW SUBCOMMITTEE MEETING
January 8, 2004, 10:00 a.m. to 4:00 p.m. Central
Houston, TX**

1. Welcome

Mr. Yeung called the meeting to order. Mr. Oncken gave the antitrust advice. Participants introduced themselves. Mr. Yeung reviewed the agenda for the meeting. On Mr. Johnson's suggestion, a review of e-MARC and PKI were added under the discussion on Cybersecurity. The draft agenda was adopted by consent.

2. Update on Transition of Coordinate Interchange Business Practices (CIBP) Task Force to the Electronic Scheduling Subcommittee

Mr. Yeung stated that as a result of a recent notational ballot, the Coordinate Interchange Business Practices (CIBP) Task Force has been reassigned to the Electronic Scheduling Subcommittee (ESS). It was noted this change reflects the transition of the CIBP from the review and scoping phase into the standards drafting phase.

Mr. Carter gave a brief review of the CIBP. He noted the CIBP continues to work closely with NERC's Coordinate Interchange (CI) Standards drafting team. Mr. Carter stated the NERC CI standard has broken the process into two parts – market and reliability – and the NAESB standard would focus on the requirements of the market period. Mr. Carter stated the CIBP is attempting to create a process that duplicates the current scheduling process in general terms. Mr. Carter said the CIBP is working to provide NERC with 4 key pieces of data to perform the reliability evaluation, but the mechanism being developed would contain more data that would be usable for different purposes. Mr. Carter said the CIBP is looking at a unified national interface to gather the data, and then processes to maintain a data format that is compatible for all industry participants. Mr. Carter said submission of the data to the Interchange Authority (IA) would likely be the transition point from market to reliability. The next CIBP meeting will be held in Dallas, TX on January 21, 2004.

Participants discussed potential issues for the SRS to monitor that were not being addressed by NERC's CI standard. Regarding the analysis of NERC's Policy 3, Mr. Carter stated that NERC's reliance on e-tag for IDC data could be an issue. Additionally, it was noted that timelines and ramping were not addressed by NERC's CI standard. Mr. Carter stated that some timelines were being considered by the CIBP, but that ramping was currently not being discussed. The SRS said a question to NERC would be whether NERC will require a standard ramp rate in another NERC standard, or if NERC expects other organizations to develop standard ramp rate requirements as a business practice.



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3. Report on Operate Within Limits Business Practices Task Force (OWL BP)

Mr. Yeung reported that NERC's Operate Within Limits (OWL) standard did not pass NERC's balloting body. Mr. Yeung suggested one of the problems with NERC's OWL standard was that a decision has not been made regarding the removal of system operating limits – currently TLR. Mr. Yeung noted that TLR is a very business oriented issue and it is anticipated that NAESB will develop a complementary standard to NERC's OWL standard that addresses TLR. Mr. Yeung noted there was earlier discussion of the NERC Markets Committee making a statement that NAESB should develop curtailment standards. Mr. Yeung suggested the recent events with the NERC OWL standard could provide an opportunity for the NERC drafting team and NAESB OWL-BP to work collaboratively.

Mr. Rana commented on the progress of the OWL-BP task force. He stated a review is underway to see which NERC Policies are affected by the OWL standard. Additionally, Mr. Rana said NERC staff and OWL committee members have been contacted to see whether business concerns raised during the drafting process were captured. Mr. Rana noted that document does not likely exist. Mr. Rana welcomed comments on the OWL-BP scoping document available on the SRS page of the NAESB website.

Mr. Yeung commented that NERC's Operating Committee has asked its subcommittees to do the assessment of NERC Policies. Mr. Rana added that the process began in 2001 but is not completed. He suggested there should be a push on this. Mr. Rana will contact the NERC OWL drafting team to be added to the distribution list so that he can participate in drafting team activities.

4. Initial Discussion of new NERC SARs and/or standards under development

Permanent Cybersecurity SAR: Mr. Yeung stated NERC has begun work on the permanent Cybersecurity SAR, which he understands closely tracks the urgent action standards adopted last year. Ms. Kedrowski offered to forward a document containing a compilation of the comments filed on the urgent action SAR. Mr. Yeung noted review of the permanent Cybersecurity SAR would likely surround identifying differences from the urgent action standard.

Participants briefly discussed the SAR. Mr. Johnson stated the definition of 'cyberasset' appears to be different from the urgent action standard. It was noted the definitions of other terms appear to be very specific, more so than in the previous standard. After the discussion, the following list of issues was created to help the SRS determine if a complementary standard was needed. Due to the drafting phase of the SAR, it was suggested that the compiled questions be used for SRS internal use only.

- What is the definition of logical border – ex. would the standard apply to internal software?
- Would it be possible for a NERC representative, or participant with technical expertise, to explain the proposed SAR in layman's terms?
- What implications does this SAR have for EMARC and its ultimate application – will this change the implementation timeline and will it affect business systems?

Mr. Johnson briefly discussed EMARC and PKI, noting both apply to this SAR in relation to encryption and authentication language. Mr. Johnson explained that EMARC is NERC's version of PKI implementation. It was noted the specification for EMARC has not been completed.



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Assess Transmission Future Needs and Develop Transmission Plans: It was noted that this was one of the original SARs. The subcommittee felt review of the SAR was premature since a SAR drafting team has not yet been assembled. Mr. Yeung stated the subcommittee would revisit this SAR at a later time.

Participants discussed the appropriate time for the SRS to begin its review of a NERC SAR. During discussion it was noted that developing a bright-line rule was difficult, since SARs have a differing level of specificity.

Define Physical Connection Requirements: Mr. Yeung reviewed this SAR and noted it was at a very early stage. It was agreed it would be appropriate to monitor this SAR for future evaluation.

Certification Standards: Mr. Yeung briefly reviewed the history of this set of SARs, noting that drafting has begun, but the first draft is not complete. Participants briefly discussed the business implications of certification. It was noted that the work of the CIBP potentially affects the work of the Interchange Authority (IA). Participants discussed whether it was appropriate to certify the IA for knowledge of any CIBP business requirements. One suggestion was to include any business issues in the NERC certification process, so that an IA would only have to go through certification once. At a minimum, Mr. Yeung proposed to bring this to the Executive Committee's attention, since it was an issue that would impact NAESB going forward. Additionally, it was noted that, depending on the outcome of the Seams work or a potential OWL-BP standard, some Reliability Authorities (RAs) could have some commercial responsibilities. It was agreed to review the Certification Standards in more depth after the draft standards are released.

5. Continued Monitoring of previously reviewed NERC SARs and/or standards under development

Determine Facility Ratings: Mr. Yeung reminded participants that this SAR, which is the driver behind developing TTC for the industry, has been approved and is moving into the drafting stage. It was noted this standard does not address ATC. Participants expressed concern whether a standard that addresses ATC was needed, and if so, which organization should develop it. Mr. Yeung noted that the MCCTF recently addressed this question, but did not have a clear answer. Instead, he said the MCCTF referred the issue to NERC to develop an internal response. Mr. Tartibi will report on the status of this effort at the next meeting.

Balancing Resources and Demand: Mr. Vice, a member of NERC's Balancing Resources and Demand (BRD) standard drafting team, joined the meeting to discuss the BRD and address previous questions about the AOM constraints that were posed about this standard during the previous SRS meeting. Mr. Yeung noted that the SRS has previously reviewed a potential link between the BRD and NAESB's efforts on the Inadvertent Interchange Payback Task Force (IIPTF). Mr. Vice explained the framework of the draft BRD standard. He stated there are three limits on frequency: Trigger (which establishes the clock for a party to get back within limit); Frequency Abnormal Limit (which is a hard limit a party should never operate within); and Relay Limit (which will trigger the operation of under frequency relay). Mr. Vice stated these limits were viewed according to level of severity, not penalty amount. Mr. Vice noted there has been some controversy in translating from a frequency world to an ACE driven world, since there is little correlation between the two. Mr. Vice was very clear that the BRD drafting team did not want the decision to violate the standard to be based on an economic decision. Mr. Vice stated the compliance team would set penalty levels. Mr. Vice noted the specific levels have not been set yet.



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Mr. Terelmes commented on the work of the IIPTF. He stated the task force has struggled with whether it was appropriate to include a factor that keyed frequency deviation to Inadvertent Interchange payback. Mr. Terelmes stated that if Inadvertent Interchange was settled without settling for the frequency, it was still important to understand the frequency of the interchange at the time of the Inadvertent Interchange, because that goes directly to the nature of the Inadvertent. Mr. Vice agreed that the financial settlement of Inadvertent Interchange does not need to directly correlate with frequency and suggested the most likely solution would be for settlement to occur only after it reaches a trigger bandwidth. Mr. Terelmes noted the IIPTF has discussed an adder calculation to push the settlement price for inadvertent interchange above the market price, and it is very tempting to use an adder based on degree of frequency deviation. Mr. Terelmes suggested that perhaps there will be an adder not based on frequency.

It was agreed that this discussion provided sufficient information for the IIPTF to move forward.

6. Update on Coordinate Operations Business Practices (COBP) Task Force

Mr. Yeung stated NERC's Coordinate Operations standard currently being drafted. After drafting is complete, the NERC CO standard will be distributed to SRS participants for review and internal comment. Mr. McCoy will report on this issue at the next meeting.

7. New Business

The next SRS meeting was scheduled for February 25 in Houston, TX, with time TBA.

8. Adjourn

The SRS meeting adjourned at 2:20 p.m. Central.

9. Meeting Attendees:

Name	Company	Notes
Scott Brown	Exelon	Phone
Roman Carter	Southern Company	Phone
Ed Davis	Entergy	Phone
Henry French	CenterPoint Energy	In Person
Alan Johnson	Mirant	Phone
Barb Kedrowski	We Energies	Phone
Steve McCoy	California ISO	Phone
Lou Oberski	Dominion	Phone
Todd Oncken	NAESB	In Person
Raj Rana	American Electric Power	Phone
Jerry Smith	Arizona Public Service Co.	In Person
Steve Terelmes	Ameren	In Person
Raymond Vice	Southern Company	Phone
Carl Williams	Exelon	Phone
Charles Yeung	Reliant	In Person