



North American Energy Standards Board

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via email and posting

TO: NAESB WEQ Standards Review Subcommittee Participants and Interested Parties

FROM: Rae McQuade, Executive Director

RE: Wholesale Electric Quadrant Standards Review Subcommittee Kick-Off Meeting Minutes – February 6, 2003

DATE: February 10, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ STANDARDS REVIEW SUBCOMMITTEE KICK-OFF MEETING
February 6, 2003, 10:00 a.m. to 3:00 p.m.**

1. Welcome

Mr. Yeung welcomed participants to the WEQ Standards Review Subcommittee (SRS) Kick-Off Meeting. Ms. McQuade gave the antitrust advice. Meeting participants introduced themselves. Mr. Yeung reviewed the agenda. Discussion of election of co-chairs was moved to the end of meeting.

Mr. Yeung reviewed the structure of and voting in NAESB subcommittees. Of note, Mr. Yeung informed participants that NAESB meetings are governed by Roberts Rules of Order and open to participation from anyone, regardless of NAESB membership. However, he said that all participants, regardless of NAESB membership, should identify which segment they are representing for balanced voting purposes. Ms. McQuade explained that balanced voting, which is used for actions that draft standards and work papers, is based on segment, with each segment having two weighted votes and no individual having more than one vote per segment.

2. Elect Co-Chairs

Mr. Yeung opened discussion on the election of SRS leadership. Mr. McMillan nominated, seconded by Ms. Montieth, Mr. Yeung for Chair of the SRS. Mr. Yeung accepted the nomination and though a voice vote was elected unanimously. Mr. Yeung solicited co-chairs for the SRS. It was decided that NAESB would circulate a request for nominations for SRS co-chairs. [Subsequent to the meeting, Raj Rana of AEP volunteered to be considered as a co-chair nominee for the SRS.]

3. Review of the purpose of the Standards Review Subcommittee

Mr. Yeung noted the SRS is charged with all items under the 2003 WEQ Annual Plan Item 1, Develop business practices standards as needed to complement reliability standards. For discussion purposes, Mr. Yeung drafted a work paper with proposed mission statement language and SRS procedures. Mr. Yeung stressed the importance of a formal process for the SRS that was procedural in nature.

Mr. Yeung opened discussion of the draft SRS mission statement. Participants agreed it was prudent to develop a mission statement for the SRS which would encompass the tasks outlined for the SRS in the annual plan but would also accommodate the ability of the group to review other external standards setting activities assigned to it in the future via the annual plan. As with all NAESB subcommittees, the work of the SRS will be limited by the Executive Committee and the Annual Plan. Regarding potential overlap with the SRS and other WEQ



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subcommittees, Mr. Desselle noted it is implicit that the EC and Annual Plan will determine which subcommittee works on which tasks, which will eliminate any duplication.

Meeting participants discussed the last sentence of the draft mission statement extensively. Discussion revealed concerns for the proper role of NAESB subcommittees. The language in the draft statement regarding coordination efforts and the SRS serving as a resource troubled several participants. It was noted the proper role of NAESB subcommittees, as communicated through the September 2002 Board Resolution, is to develop standards, not coordinate. Further, Mr. McMillan pointed out that all NAESB subcommittees serve at the convenience of, and were resources to, the Board and EC. Mr. McMillan expressed concern that the use of special language here would set the SRS apart in an inappropriate manner. Additionally, Mr. McMillan noted the NAESB Board is the functional body tasked with working with other organizations. With that as background, Mr. McMillan asserted the draft language regarding coordination is especially troublesome. Mr. McMillan stated issues of coordination are best left to the Board. Mr. Yeung said the language was drafted with the purpose of establishing how the SRS work product will get outside of NAESB.

Participants discussed whether the SRS should develop a NAESB opinion on the NERC SARs for presentation to organizations outside the NAESB process. Ms. McQuade made it clear that NAESB does not advocate or comment on the work product of other organizations. Mr. McMillan concurred, but noted the individual NAESB members are free to advocate their positions. Further, Mr. McMillan stated the NAESB Bylaws explicitly state NAESB cannot advocate, regardless of the desires of its members.

Ms. Monteith asserted the last sentence of the mission statement should address the work product of the SRS, which would be consistent with Mr. Yeung's intent in the original draft language. Mr. McMillan concurred. Accordingly, Ms. Monteith proposed the current draft language. Meeting participants reached consensus on the draft mission statement (see attached) and agreed to forward the draft language to the WEQ EC for approval.

4. Review of the relationship between this subcommittee and relevant external entities

See discussion in Items 3 and 5.

5. Identification of work plan

Mr. Yeung opened discussion of the proposed SRS Standards Review Process flow chart. Mr. Yeung reviewed the flow chart. Concerns were raised about the timing of the review process. Ms. McQuade informed participants that the NAESB process timeline has been studied and is not problematic. However, it was noted that SRS meetings would have to be scheduled in advance of the NERC/NAESB JIC meetings, and that she and Mr. Desselle would work with the JIC Committee in establishing those meetings for the remainder of the year. The JIC meets on a quarterly basis.

Modifications were proposed so that the SRS would report to the NAESB members of the JIC. Participants discussed whether the SRS should report solely to the NAESB members of the JIC. Given the scope contemplated by the draft mission statement, participants agreed the SRS should report to both the NAESB members of the JIC and EC, since the SRS might address issues not relevant to the JIC. Mr. Desselle noted it was not appropriate for the SRS to provide reports or give advice to anyone outside of NAESB. Mr. McMillan suggested the flow chart reflect continued monitoring of the NERC SARs after a recommendation has been made to the NAESB members of the JIC and EC. Mr. McMillan asserted the work of the SRS was not complete until the SAR process is complete.



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Participants discussed the participation of the NAESB JIC members and the potential use by those members of the SRS work product. Mr. Mueller suggested it would be beneficial for the NAESB members of the JIC to participate in the SRS, so they could use the SRS as a resource for their work on the NERC/NAESB JIC. Mr. Desselle stated he would view the input from the SRS as valuable, since he is a JIC member but not an EC member. However, it was noted that SRS work product is not binding on NAESB members of the JIC, as they are charged with making decisions to best serve the needs of their constituents. Mr. Yeung expressed some concern with SRS participation if the NAESB members of the JIC were not bound by the reports, but stated that the business of the SRS was to do analysis and provide reports to the NAESB members of the JIC and EC. What those bodies do with the reports, Mr. Yeung noted, is outside the scope of the SRS. However, the SRS can propose business practices standards that are companions to the NERC SARs or policies.

The SRS Standards Review Process flow chart is an internal subcommittee process document that does not require EC approval, as it only impacts the SRS Subcommittee and explains how the subcommittee will work. Mr. Yeung stated the flow chart is just a model of the process the SRS envisions will happen and is subject to modification at the SRS's prerogative. Mr. Yeung asked that any comments on the flow chart be forwarded to the NAESB office for posting and discussion at a subsequent SRS meeting.

6. Establishment of Task Forces, if needed

Mr. Yeung opened discussion of the establishment of SRS Task Forces. Participants discussed the appropriate organizational structure for SRS Task Forces, in particular, if task forces should be created according to topics or individual NERC SARs. Ms. McQuade proposed the SRS control work flow by agenda, rather than establish multiple task forces since there is no real demarcation line in topic or process. After the initial review, a task force can be established if necessary. The group reached consensus that work flow management by agenda was appropriate.

It was agreed SRS agendas would list the NERC SARs out for comment, noting the NERC development stage for each agenda item. Those participants wishing to comment on the agenda items can prepare for discussion at the meeting. To allow time for adequate preparation, the SRS agenda will be drafted and distributed at least two weeks prior to a SRS meeting. The agenda will note a comment deadline for those organizations who which to submit comments prior to the meeting. Participants felt discussion of the SARs or other externally developed standards would be more productive than dissection.

Participants discussed the general nature of SRS work product. Mr. McMillan suggested that SRS consensus on SARs would be an appropriate goal, but barring consensus, there should be flexibility so that a strongly held minority position could be reported. Mr. Davis concurred, but stated concern that the SRS communicate the level of agreement in the subcommittee. In general, participants favored the strength of a consensus opinion.

Participants discussed the establishment of a task force to address Annual Plan Item 1 b, Review existing NERC reliability policies and standards for their business practice implications. As a preliminary matter, the group decided to solicit comments via email on current NERC policies that have specific impacts. Participants envisioned the submitted comments might lead to the establishment of a task force at a subsequent SRS meeting.

7. Calendar of Meetings

WEQ Executive Committee Meeting: Tuesday, February 18, 2003, New Orleans, LA

WEQ Contracts Subcommittee Meeting: Wednesday, March 5, 2003, Phoenix, AZ



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WEQ MOS Meeting: Thursday, March 6, 2003, Phoenix, AZ

WEQ SRS Meeting: Friday, March 7, 2003, Phoenix, AZ

NERC/NAESB JIC Meeting: Friday, March 21, 2003, Washington, DC

8. Other Business

No other business was discussed.

9. Adjourn

Mr. Yeung adjourned the meeting at 1:50 p.m. CST.

10. Meeting Attendees:

Name	Company	Notes
Scott Brown	Exelon	Phone
Roman Carter	Southern Company	Phone
Randy Corbin	Ohio Consumers' Counsel	Phone
Steve Corneli	NRG Energy	Phone
Ed Davis	Entergy	Phone
Michael Desselle	AEP	
Brian Evans-Mongeon	Vermont Public Power	Phone
A. J. Garg	Hydro One	Phone
Barry Green	Ontario Power Generation	Phone
Jim Hicks	PacifiCorp	Phone
Dowell Hudson	Ontario Power Generation	Phone
Bill Hunter	Cap Gemini Ernst & Young	
Gary Jackson	Tennessee Valley Authority	Phone
Alan Johnson	Mirant	Phone
Jim Johnson	Ameren	
Ed Kremzier	National Grid USA	
Barry Lawson	NRECA	Phone
Cecilia Liang-Nicol	Allegheny Power	Phone
Dave McMillan	Calpine	
Rae McQuade	NAESB Executive Director	Administrative
Annunciata Marino	PUC	Phone
Sheri Monteith	AEP	
Jeff Mueller	PSE&G	
Sandy Murrey	Wisconsin Electric Power Company	Phone
David Nick	DTE Energy	Phone
Lou Oberski	Dominion	
Todd Oncken	NAESB	Administrative
Barbara Rehman	Bonneville Power Authority	Phone
Charlie Severance	Wisconsin Public Service Corporation	Phone
Paul Sorenson	OATI	
Bill Smith	Allegheny Power	Phone
Glenn Spurlock	Seminole Electric Cooperative	Phone
Julie Voeck	American Transmission Company	Phone
Charles Yeung	Reliant Energy	Chair