



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

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 Meeting Minutes – March 7, 2003
DATE: March 9, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ STANDARDS REVIEW SUBCOMMITTEE MEETING
March 7, 2003, 10:00 a.m. to 3:00 p.m. MST**

1. Welcome

Mr. Yeung welcomed meeting attendees and reviewed the agenda. Mr. Rana was announced as the new co-chair of the Standards Review Subcommittee (SRS). Mr. Oncken gave the antitrust advice. Participants introduced themselves.

Mr. Yeung reviewed SRS structure and voting procedures. He noted participation in NAESB subcommittees is open to any interested party, including non-members. However, he stated for balanced voting purposes all participants must identify a WEQ segment affiliation.

2. Adoption of Agenda

Mr. Kremzier moved, seconded by Ms. Monteith, to adopt the draft agenda as written. The agenda was adopted without objection.

3. Approval of Draft SRS minutes, 2-06-2003

Ms. Monteith moved, seconded by Mr. Kremzier, to adopt the draft February 6, 2003 SRS minutes as written. Absent objection, the draft February 6, 2003 SRS Minutes were adopted as final.

4. Discussion of NERC SARs currently out for comment

a. Coordinate Interchange Transactions SAR, v. 3

During discussion it was noted that since SARs progress through several drafts, a comparison of the language would be helpful in evaluating the commercial aspects of the SAR. Mr. Kremzier noted NERC employed a redlining process in a recent SAR. Absent redlined drafts being a standard NERC practice, the NAESB office offered to produce redlined comparisons of SAR drafts for discussion purposes in the SRS.

Participants discussed the Coordinate Interchange Transactions SAR. Mr. Yeung explained this SAR is intended to establish a set of data for coordination of energy transfers between balancing areas. He noted this proposed SAR does not apply to transfers within a balancing area. Mr. Yeung proceeded through the SAR by section. Mr. Yeung stated that several submitted comments implicate commercial aspects of the SAR, in particular, they note the requirements that might be imposed to assess the reliability have a lot of far reaching consequences on areas such as timing, megawatts, and source and synch. During discussion, it was noted that there may be a tie into the efforts underway by the NAESB Electric Trading



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Task Force (ETTF). The ETTF is a Market Operations Subcommittee task force evaluating the need for a standard electric trading day and related timetables.

As a next step, Mr. Yeung proposed the SRS comment on the SAR stating that the ETTF is working on market data and timing. The communication should note that if the ETTF proposes a request for standards development on establishing standard electric trading day and related timetables, there may be an impact to NERC efforts regarding this SAR.

Additionally, it was decided a joint ETTF and SRS group, with NERC participation if available, should produce an impact report on the interrelation of the ETTF effort and the proposed NERC SAR for presentation at the next SRS meeting. Volunteers for the group include Mr. Johnson and Mr. Rana.

Participants discussed the propriety and method of the SRS commenting on a pending SAR. It was noted the proposed communication does not match traditional NERC comments. In general, if the proposed communication is informal and more in the nature of a notification, it would be permissible for the NAESB office to initiate communication via email and absent Managing Committee approval. However, for other communications, the SRS must follow standard NAESB external communications protocol, as defined in the minutes of the February 18, 2003 WEQ Executive Committee meeting. Since the proposed communication is a notification, it was agreed the NAESB office would communicate the concerns raised by the SRS with NERC via email and absent Managing Committee approval.

Mr. Davis expressed concern that an external entity may view comments made during a NAESB subcommittee meeting by an individual company as comments made by NAESB. Participants brainstormed on a method to aid in the problem. It was suggested language be added to the antitrust guidelines stating that whenever a NAESB group meets to discuss a NERC SAR, any comments made are the comments of the organizations represented by the individuals and not NAESB recommendations, unless specifically noted otherwise. Additionally, it was suggested this disclaimer be added to the minutes of each meeting. Participants concurred this was a prudent course of action.

b. Coordinate Operations SAR, v. 2

Participants discussed the Coordinate Operations SAR. Mr. Yeung proceeded through the SAR by section. Mr. Yeung noted the SAR language is pretty vague. SRS participants developed six questions which will help with the focus of evaluating whether the SAR has business practice implications that would direct NAESB to undertake complementary standards development, or if NAESB is already undertaking some action that might impact the SAR. The questions are:

- What is the generation resource availability based on? As much of the generation is now competitive, are there NAESB business practices that we should be considering?
- On the Reliability Authority's responsibility to take actions that mitigate problems in its own areas, does this imply that NAESB should develop complementary business practice standards, and does this imply an authority over generators depending on how the mitigation is enacted?
- For the analysis of maintenance outages, does this imply that NAESB should correspondingly prepare complementary business practices and does this imply an approval process that NAESB should also address?
- Should NAESB consider the business standards impacts of the FERC's forthcoming generation interconnection orders (large and small generators), in Docket Nos. RM02-01-000 and RM02-12-000?



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- Does the analysis of the generation resource availability imply a request to operate, and if so, should NAESB consider complementary business practices?
- In sharing the results of the analyses, does the confidentiality agreement as part of the standards of conduct of the Reliability Authority apply such that the information that is sensitive between competitors remains confidential? If not, are there business practices that NAESB should consider?

Mr. Yeung asserted the SRS should take the opportunity to ask the above questions of NERC and evaluate the commercial aspects of this SAR proactively. The SRS requested the NAESB office include the above questions in the pending communication with NERC.

c. SAR to revise the Standards Process Manual - Step 2

Participants discussed the SAR to revise the Standards Process Manual. Mr. Yeung proceeded through the SAR by section. Mr. Yeung summarized this is an effort to revise the SAR form. As this SAR relates to NERC procedures, the SRS determined it does not have business practice aspects. However, Mr. Yeung suggested the SRS should continue to monitor this SAR, since it is in the initial draft stage.

5. Discussion of other NERC SARs

Although no additional SARs were discussed, the SAR regarding Load Imbalance Resources was slated for the agenda of the next SRS meeting.

6. Formation of Task Forces

An informal group was established to draft the impact statement for the Coordinate Interchange Transactions SAR in conjunction with the ETTF.

7. Next Steps including Review of Annual Plan Items Assigned to SRS

Participants reviewed the SRS 2003 WEQ Annual Plan assignment:

- Item 1, Develop business practices standards as needed to complement reliability standards.
 - a) Apply NERC/NAESB MOU provisions in reviewing proposed reliability standards for their business practice implications.
 - b) Review existing NERC reliability policies and standards for their business practice implications.
 - c) Review each of the SARs in light of the NERC/NAESB MOU.

It was noted 2003 WEQ Annual Plan Item 1 will likely be reviewed in light of the pending NERC/NAESB/ISO Council MOU. The SRS is currently working on 1a and 1c, as those are the priority items.

8. Calendar of Meetings

WEQ Subcommittees will meet May 6 – 8, 2003 in Houston. Subsequent WEQ Subcommittee meetings will be held every other month, alternating with the Executive Committee meetings. The SRS will hold at least one conference call prior to the next meeting.

9. Other Business

No other business was discussed.

10. Adjourn

The SRS meeting adjourned at 1:12 p.m. MST.



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11. Meeting Attendees:

Name	Company	Notes
Ken Bachor	Seminole Electric Coop	Phone
Roman Carter	Southern Company	In Person
Keith Comeaux	Cleco Power	Phone
Phil Cox	American Electric Power	In Person
Edward Davis	Entergy	Phone
Michael Desselle	American Electric Power	In Person
Duane Farmer	Public Service Co. of New Mexico	In Person
Ollie Frazier	Duke Energy Company	Phone
Jim Hicks	PacifiCorp	Phone
Linda Horn	We- Energy	Phone
Gary Jackson	TVA	Phone
Alan Johnson	Mirant	In Person
Kim Kiener	Salt River Project	In Person
Ed Kremzier	National Grid	In Person
Cecilia Liang-Nicol	Allegheny Energy	Phone
Rae McQuade	NAESB, Executive Director	In Person, Admin.
Annunciata Marino	PA. PUC	Phone
Sherri Monteith	American Electric Power	In Person
Todd Oncken	NAESB	In Person, Admin
Raj Rana	American Electric Power	In Person, Co-chair
Lisa Robert	Defense Energy Support Center	Phone
Glen Spurloch	Seminole Electric Coop	Phone
Ed Tammy	Florida Power and Light	Phone
Jim Trangsrud	Salt River Project	In Person
Wendy Weathers	Salt River Project	In Person
Charles Yeung	Reliant	In Person, Co-chair