

# NAESB Wholesale Electric Quadrant

Standards Review Subcommittee  
Report to the Executive  
Committee

Chairman – Charles Yeung, Reliant Energy

Vice Chairman – Raj Rana, AEP

April 8, 2003

# SRS Meeting March 7 in Phoenix

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- Appointment of Vice-Chair by consent
  - Raj Rana, Director of Transmission Policy, AEP
- Reviewed 2 NERC SARs:
  - Coordinate Operations
    - Comments due –
  - Coordinate Interchange
    - Comments due -

# The Initial Standards Review Report Form

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## ■ Purpose

- Transcribe findings of SRS review of proposed standards
- Communicate concerns to EC
- Promote discussion for any further NAESB action to develop a complementary NAESB standard
- Provide information to NAESB JIC members

# Guidelines for SRS Activities

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- SRS does not advocate NAESB points of view to external organizations
- The Executive Committee must obtain Board approval for any formal external communications
- If action is recommended - The Memorandum of Understanding will be utilized to facilitate coordination of standards development with NERC and the ISO/RTO Council

# The Initial Standard Review and Analysis Report Form

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- The Standards Review Subcommittee provides this Report as an initial review of a proposed Standard that may impact current or future NAESB Wholesale Electric Quadrant standards.

- The initial Standard Review and Analysis Report provides information for the NAESB Wholesale Electric Quadrant (WEQ) to make informed decisions on the disposition of a proposed standard that impacts the wholesale electric industry.

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- This Report contains no recommendations to develop or propose a NAESB Standard. A White Paper may be developed to propose a NAESB standard if the WEQ finds it necessary.

# The Template

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## *Organization Proposing Standard(s):*

- North American Electric Reliability Council (NERC)

## *Proposed Standard(s) and date:*

1. Balance Resources and Demand
  - March 20, 2002
2. Coordinate Interchange
  - March 20, 2002

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

## *Description and Background*

- Standard applies to NERC Reliability Authorities (formerly Security Coordinators)
- Reliability Authorities oversee Balancing Authorities (similar to control areas)
- Standard establishes requirements for the coordination of operations between RA's for:
  - near-term planning
  - Real-time operations
  - Maintenance of interconnected bulk electric system

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

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- Standard addresses the following areas:
  - Documenting RA's authority
  - Develop and share unique operating procedures
  - Analyze planned maintenance outages
  - Perform Security Analyses
  - Perform Generation Resource Availability
  - Share results of Analyses with others
  - Communicate with others
  - Act with others

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

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## *Potential Business Practice*

### *Standards and related impacts:*

- *The proposed standard impacts the following NAESB activities/standards:*
  - NONE identified

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

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*The proposed standard raises the following possible business practice concerns:*

- Potential conflicts between differing practices employed by an RA.
- RA's may have unique operating procedures required for reliability, especially inter-RA procedures.

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

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- May establish obligations on owners of generators for generation availability and maintenance outages.
- Differing degrees and types of RA authority (e.g., RTO tariff, RRO contract) over generation availability and outage timing.

# 1. NERC SAR "Coordinate Operations", posted March 20, 2002

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- Possible overlaps with current and pending FERC rules on generation interconnection.
- Potential confidentiality of business information associated with generation availability and maintenance outages and other information needed by an RA.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

### *Description and Background*

- Standard would pertain to “interchange transactions.”
  - Scheduled transfers of energy between BAs to increase net generation output in the source area at the same time and rate as net generation output in the receiving area is reduced.
  - Standard ensures reliability related data pertaining to interchange transactions is verified and communicated to functional authorities.

## 2. NERC SAR "Coordinate Interchange", posted March 20, 2002

- Reliability related data to be verified should include:
  - megawatt magnitude,
  - ramp start and stop times, and
  - interchange transaction's duration.
- Reliability related data should be communicated by and between:
  - Interchange Authority,
  - Balancing Authority,
  - Reliability Authority,
  - Transmission Service Provider, and
  - Purchasing-Selling Entity.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

- Verification of data should result in:
  - Indication that a mutual agreement exists between parties that intend to implement a proposed interchange transaction, and
  - Approval by the appropriate functional authorities.
- Standard also is intended to provide a mechanism for transaction identification that could be used for:
  - Congestion management and/or
  - Relieving operating limit violations.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

- Standard ensures that implementation of Transactions between Sink and Source BAs are coordinated by the Interchange Authority such that the following reliability objectives are met:
  - Each Interchange Schedule is checked for reliability before it is implemented.
  - The BAs implement the Interchange Schedule exactly as agreed upon in the Interchange Confirmation process.
  - Interchange Schedule information is available for reliability assessments.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

### *Potential Business Practice Standards and related impacts:*

- *The proposed standard impacts the following NAESB activities/standards:*
  - NAESB Electric Trading Task Force is evaluating the need for a standard electric trading day and related timetables.
  - NASEB Inadvertent Interchange Payback Task Force is developing commercial standard(s) relating to inadvertent interchange payback needed when interchange transactions result in differences between actual and scheduled energy.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

- *The proposed standard raises the following possible business practice concerns:*
  - SAR states:
    - “Portions of Policy 3 will be deleted when this SAR is implemented. Policy 3 contains some procedures that may need to be transformed from Policies into commercial practices or supporting documents in concert with the implementation of this new standard.”

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

- May alter or restrict ramp rates for generators engaged in transactions between BAs.
- May impose data entry and verification requirements on PSEs.
- May implicate transmission reservation, scheduling and purchasing transactions between generators, merchants, and transmission providers, including verification, credit, and penalties.

## 2. NERC SAR “Coordinate Interchange”, posted March 20, 2002

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- May alter or affect inter-RA transactions, especially those between LMP markets and non-LMP markets or different LMP markets.

# What are the Next Steps for the WEQ?

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- Approval by the EC of Report?
- Possible action items:
  - Formal communication with NERC?
  - Assign appropriate WEQ subcommittee to develop White Paper for a proposed NAESB Standard?
  - Tracking/monitoring of NERC development?
  - Nothing?