



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 – September 9, 2003

DATE: September 9, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ STANDARDS REVIEW SUBCOMMITTEE MEETING
September 9, 2003, 1:00 p.m. to 4:00 p.m. Eastern
Montreal, Canada**

1. Welcome

Ms. McQuade called the meeting to order and thanked Mr. Bissonnette of Hydro-Quebec Transenergie for hosting the meeting. Ms. McQuade and Mr. Johnson lead the meeting until Mr. Yeung arrived. Mr. Oncken gave the antitrust advice. Ms. McQuade reviewed the available work papers and draft agenda. The draft agenda was adopted by consent without modification. Participants introduced themselves.

Mr. Johnson entertained discussion of the draft minutes from the July 10 WEQ Standards Review Subcommittee (SRS) meeting. Adoption of the minutes was deferred until September 10, 2003.

2. Formation of Operate Within Limits Business Practice (OWL-BP) Task Force to address NAESB Standards Request No. R03017

The SRS formed the Operate Within Limits Business Practice (OWL-BP) Task Force to address NAESB Standards Request No. R03017. Mr. Carter and Ms. Rehman volunteered to be core members of the task force. Mr. Yeung stated he would ask Mr. Rana to chair the task force.

3. Development of Scoping Document for Request R03017

Ms. McQuade introduced discussion on the *Initial Standard Review and Analysis Report for NERC Operate Within Interconnection Reliability Operating Limits (OWL)* document. Mr. Johnson noted the document was the template prepared for initial discussions on each NERC SAR or proposed standard. Participants discussed the document, prepared by Mr. Yeung, at length. It was noted the first draft of the NERC OWL Standard has been completed and the first round of industry comments have been filed, but participants were unclear on the NERC drafting team's timeline. It was noted the goal of discussions would be the completion of a scoping document for a complementary NAESB standard, if appropriate.

Mr. Carter noted NAESB Standards Request No. R03017 originated from the SRS's review of NAESB Standards Request No. R03014, Coordinate Operations Business Practices. He stated Request No. R03014, as originally drafted, contained the curtailments language of current NERC Policy 3. However, he said the SRS decided it was more appropriate that curtailments be addressed separately as a complement to NERC's OWL Standard. Mr. Johnson agreed. Mr. Bissonnette suggested NAESB standards could provide the method to carryout a NERC determination that curtailment was required for reliability purposes.



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During discussion Mr. Johnson stated that several issues of the NERC/NAESB coordination were outstanding. He suggested that there could be some NAESB Standards needed to address market issues in retired NERC Policies instead of companion standards for NERC Standards. He noted there are also timing issues between NERC and NAESB standards development that need to be discussed. Further, he noted many parties are still struggling to define the line of what is a reliability concern versus a business concern, and also the interplay between business concerns and ISO market rules. Mr. Johnson stated these issues will likely be discussed at the September 10 SRS meeting.

Ms. Rehman stated the requirement under Section 201 of the NERC OWL Standard that the reliability authority shall establish a list of facilities that are subject to the interconnection reliability operating limits could be an opportunity for a companion standard. She stated the NERC standard does not appear to provide a method for establishing the list and history has shown conflict when a list of facilities was required. She also stated concern that the NERC Standard did not identify any regional differences. Participants discussed whether it was appropriate for NAESB to set standards in that area. Mr. Bissonnette suggested the method for data collection and list assembly was up to the reliability authority. Ms. Rehman stated uncertainty on whether, under current procedures, the reliability authorities in the West would have access to the required information. Mr. Johnson suggested these were issues better addressed by the NERC drafting team. It was noted that Section 205, Data Specification & Collection, through subparts 1.2 and 2.1, would likely address Ms. Rehman's concerns about creation of the list. It was decided a question should be submitted to the NERC drafting team alerting them to the concern and the subsequent drafts of the NERC OWL Standard should be monitored for the inclusion of the abovementioned Section 205 language.

Participants continued discussion of the *Initial Standard Review* document. Modifications were made to the section detailing potential business practice standards and related impacts. The importance of separating the curtailment and reload standards was noted. Additionally, it was noted that the West is currently developing a curtailment business practice.

Ms. McQuade reflected on the NAESB standards development process. She noted the work of NAESB drafting teams is not constricted by the scoping documents, but instead the scoping documents serve as a guide to development for the drafting team and a resource for decisions to be made by the NAESB Executive Committee and Joint Interface Committee. It was noted this was different than the NERC model for standards development.

Participants discussed the scope of NAESB standards. Mr. Johnson questioned whether NAESB would be drafting traditional standards or business practices. He indicated that key in that determination would be whether the requirements would be mandatory, and also whether the scope of the work product would be regional or national. It was noted a NERC standard has to have measurability and compliance requirements, but would not likely mandate the details of the method used to comply with the standard. Ms. McQuade explained that NAESB standards are historically composed of principles, definitions, business practices, information requirements, and interpretations. Further, she stated NAESB does not establish compliance or audit requirements, since all NAESB standards are voluntary until adopted by a regulatory authority. In the case a standard is adopted by a regulatory authority (the FERC), she stated compliance issues are handled by the regulatory authority.

Mr. Bissonnette suggested the long-standing issue of 'no tag-no deal' could be included in the OWL scoping document. He stated NERC has not established that a tag is required for a transaction to be completed, so a possible NAESB standard could state that a tag is required for a complete transaction. It was noted this issue would be an appropriate companion standard because tagging would likely be used in any curtailment management process.



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Concern was expressed about addressing tagging in the OWL companion standard. Several participants stated the topic was so large and far reaching it should be addressed as a discrete issue. Additionally, it was noted tagging would likely be addressed in the NAESB Coordinate Interchange companion standard. Mr. Carter suggested defining tagging and the tagging issues in the Coordinate Interchange Business Practices (CIBP) Task Force procedure, and then referring to those tagging standards in any appropriate NAESB OWL companion standard. Participants agreed with this approach.

Participants discussed the relationship between the NERC and NAESB drafting teams on companion standards. It was noted the work of the drafting teams would be coordinated in some fashion, likely through cross-participation. Mr. Carter, chair of the CIBP, reflected on his experiences at the recent NERC Coordinate Interchange drafting team meeting. He stated the topic of coordination was discussed, and the general feeling was that each group should do their work individually and then coordinate at some later point. However, he stated that as the group worked through the existing affected NERC Policies it became apparent a different level of coordination was needed. Mr. Carter stated that several issues were identified as NAESB issues during the meeting, and it was important that someone from NAESB was there to capture those items.

The topic of standardized definitions was discussed. Some concern was stated for the consistent use of defined terms among NERC and NAESB standards. Ms. McQuade noted the NAESB Retail Quadrants have formed a glossary team, though she did not recommend that approach for the WEQ. It was noted there were several glossary efforts underway. Ms. Rehman stated terms are being defined in each NERC standard and those defined terms will be compiled in a common glossary. It was suggested that one approach would be to adopt the NERC definitions as NAESB standards. Mr. Yeung stated the topic was better suited for a discussion at the Executive Committee level, but the general thought during this meeting appeared to be that the drafting teams should lead the way on definitions.

During discussions several changes were made to the *Initial Standard Review* document and parties agreed the modified document would serve as the foundation for a scoping document on NAESB's complementary standards to the NERC OWL Standard. The revised document is attached to these minutes. Mr. Yeung stated the completed scoping document would be presented to the WEQ Executive Committee on September 11 for approval prior to submission to the Joint Interface Committee on September 19.

4. Recess

The SRS meeting recessed at 3:30 p.m. Eastern and will resume on September 10, 2003 at 10:00 a.m. Eastern.



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5. Meeting Attendees:

Name	Company	Notes
Victor Bissonnette	Hydro-Quebec Transenergie	In Person
Roman Carter	Southern Company	In Person
Ed Davis	Entergy	Phone
Steve Dayney	Xcel Energy	Phone
Ken Gates	Conectiv	Phone
Terri Grabiak	Allegheny Power	Phone
Barry Green	Ontario Power Generation	Phone
Alan Johnson	Mirant	In Person
Barbara Kedrowski	WE Energies	Phone
Steve McCoy	California ISO	In Person
Rae McQuade	NAESB Executive Director	In Person
Todd Oncken	NAESB Deputy Director	Phone/Admin
Barbara Rehman	Bonneville Power	Phone
Bob Schwerman	SMUD	In Person
Charles Yeung	Reliant	In Person