



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 10, 2003

DATE: September 10, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ STANDARDS REVIEW SUBCOMMITTEE MEETING
September 10, 2003, 9:00 a.m. to 4:00 p.m. Eastern
Montreal, Canada**

1. Welcome

Mr. Yeung called the meeting to order. Mr. Oncken gave the antitrust advice. Participants introduced themselves. Mr. Yeung proposed minor changes to the agenda to include adoption of the outstanding minutes, an update on the September 9 Standards Review Subcommittee (SRS) meeting, and an update on the recent NERC Market Committee (MC) meeting.

Mr. Johnson moved, seconded by Mr. Bissonnette, to adopt the draft minutes from the July 10 WEQ SRS meeting without modification. The motion passed unanimously.

Review of September 9 SRS Meeting: Mr. Yeung reviewed the progress made yesterday toward the completion of a scoping document for NAESB companion standards to the NERC Operate Within Interconnection Reliability Operating Limits (OWL) Standard. He noted the expectation is that the OWL scoping document and Request R03017 will be considered by the Executive Committee on September 11 and the Joint Interface Committee on September 19. Mr. Yeung stated the OWL scoping document was modified during yesterday's meeting and he made some additional changes after the meeting. Participants reviewed the document as modified by Mr. Yeung.

During discussion participants modified the OWL scoping document. The modified document is attached to these minutes. Participants were careful with the language used and worked towards producing a comprehensive and concise document. Additionally, concern was expressed about the breadth of the scoping document and changes were made to provide the drafting team with additional flexibility.

Participants discussed at length whether the NAESB standard would be a national standard detailing curtailment procedures, or instead a standard on communication of curtailment processes. Participants did not reach consensus, but agreed the scoping document would note this outstanding issue as a business practice question to be addressed.

The SRS agreed the revised OWL scoping document, as well as the initial standard review document and standards request, was complete and ready for presentation to the Executive Committee. Additionally, Mr. Rana's appointment as the chair of the OWL-BP Task Force was confirmed.

Review of NERC MC Meeting: Mr. Dayney reported on the recent NERC MC meeting. He stated individuals were assigned to serve as liaisons between the MC and various organizations, and he was designated as the liaison between the MC and the SRS. He described the function of



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the liaisons would be to observe the counterparty meetings and report back to the MC. It was noted coordination between NERC and NAESB was very important, and this arrangement would serve to assist in that coordination.

Participants discussed the coordination efforts. Mr. Carter stated that it was proposed that the MC and SRS/EC would serve as the focal point for coordination. Ms. McQuade noted that coordination includes notification of instances when NERC and NAESB drafting teams are working together. In instances where questions arise from one drafting team to another, Ms. McQuade said the comments would be sent to the MC, Mr. Gallagher and the drafting team. Mr. Yeung noted that Mr. Dayney, as liaison for the MC, should be copied on any such correspondence.

2. Report of CIBP Task Force

Mr. Carter reported on the progress of the Coordinate Interchange Business Practices (CIBP) Task Force, noting his attendance at a recent NERC Coordinate Interchange Drafting Team meeting and the comments received on the draft CIBP scoping document. To provide background for the CIBP scoping document, Mr. Carter reviewed the recent NERC CI meeting, highlighting several areas where NAESB's involvement was mentioned. Mr. Carter stated the NERC CI team will meet on October 1, and he intends to provide a report on the CIBP. Mr. Carter briefly reviewed the minutes of the NERC CI meeting. He stated the issues tagged as issues better addressed by NAESB included: deal making, such as transactions between marketers; operational pre-scheduling; and other similar operational issues, including ramping. It was noted no final determination has been made on the disposition of these items. Mr. Carter stated these items were captured in the CIBP scoping document, where appropriate.

Mr. Carter reviewed the CIBP scoping document and participants discussed each point. Mr. Carter noted the CIBP has reviewed the comments submitted on the scoping document and incorporated those comments where appropriate. The revised CIBP scoping document is attached to these minutes. During discussion it was noted that the NAESB companion standard should mirror the NERC standard, and if overall standards for communication were warranted, those could be developed independently of the companion standard. Additionally, participants discussed NAESB's role in creating timelines for NERC procedures at length, with no determination being made on its resolution.

Participants agreed the CIBP scoping document, as revised, was ready for submission to the Executive Committee and it would be appropriate for Mr. Carter to present the document to the NERC CI drafting team on October 1.

Mr. Carter reviewed the PJM comments. He stated the comments essentially requested that NAESB not create a standard that would impact its market operations. Additionally, the PJM comments suggested NAESB begin its work from scratch instead of using NERC Policy 3 as a starting point. Participants did not agree with the approach proposed by PJM.

Participants extensively discussed whether it was appropriate to formally respond to each filed comment. Participants agreed on the following procedure: 1) each comment received would be acknowledged by the NAESB office; 2) comments may or may not be reflected within the final scoping document, but the scoping document would indicate the parties that filed comments; 3) all comments would be discussed within the appropriate NAESB committee or subcommittee and then forwarded on for the drafting team's consideration or referred to other NAESB committees or subcommittees, as appropriate; and 4) a brief discussion of comments and the subcommittee's response to comments would be contained in the SRS reports to the Executive Committee, where appropriate. Participants felt the above procedure would provide a forum for



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discussion and consideration of the comments while not mandating additional administrative requirements.

Participants reviewed the PJM comments. It was noted the comments on sections 1 and 2 related to the NERC SAR, not a NAESB work product. It was decided it was not appropriate to incorporate those changes since the language in the scoping document was derived directly from the final NERC SAR.

3. Report of COBP Task Force

Mr. Yeung reported on the Coordinate Operations Business Practices (COBP) Task Force. He stated work on the scoping document began during a conference call and noted the task force faced difficulty creating the scoping document. He stated that Mr. Saini created the draft document as a starting point for future comment and discussion. Mr. Yeung said the task force never intended that the document distributed for comment was a final scoping document. Instead, he said the document was intended to provide some information on the NERC standard drafting efforts and to solicit comments on appropriate business practices needed.

Mr. McCoy noted the NERC Coordinate Operations (CO) drafting team is refining the scope of the CO SAR through the standards drafting process, and the draft standard, scheduled to go out for comment in November, will be significantly different than the SAR. He said the standard will likely only involve communications between Reliability Authorities (RAs). He explained it was acceptable under NERC procedures for a drafting team to restrict the scope of the SAR. Mr. McCoy stated the change in scope was due to overlap with other NERC standards, and reports would be given during the next meeting detailing which issues were addressed by which standards. It was noted the NERC drafting team felt maintenance was addressed under the NERC OWL Standard.

Participants briefly discussed the draft COBP scoping document and the comments that were submitted. Mr. Yeung stated an acceptable response could be to state that no complementary standards are required at this time. Mr. McCoy suggested an effective scoping document for a companion standard could not be completed until the first draft of the NERC Standard is sent out for comment.

Mr. Yeung addressed the comments submitted by Conectiv. He stated the comments appear to be general comments about confidentiality. It was suggested an appropriate response would be that the SRS was in agreement with those ideas and concerns. Further, he said if the SRS determines complementary business practices are warranted, the comments will be forwarded to the drafting team.

Mr. Yeung addressed the comments submitted by Duke Energy. He stated the concerns in the comments could be addressed by the clear statement that the COBP scoping document was not complete and the SRS and COBP would monitor the NERC process for future developments.

Mr. Yeung addressed the comments submitted by Mirant. He noted some of the Mirant concerns mirrored the Duke comments. Discussion of the remainder of the Mirant comments led to a discussion of the transition from NERC Policies to NERC and NAESB standards. During discussion it was noted the NERC Transition Team would be mapping the transition from NERC Policies to NERC Standards and NAESB Standards to ensure commercial areas of the current NERC Policies were addressed. Mr. Johnson suggested the SRS looking at the NERC Policies to capture those business processes, instead of addressing draft NERC standards, would be a duplication of the Transition Team efforts.

Mr. Yeung addressed the comments submitted by PJM. Given the nature of the comments and the status of the scoping document, it was agreed the proper response would be that the



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comments will be passed on to the drafting team for consideration after the NERC draft standard has been published for comment.

Participants discussed the potential application of this standard on the recent blackout. Mr. Bissonnette stated the Coordinate Operations SAR seemed to imply these would be procedures for emergency operations. It was suggested a complimentary business standard could set the pricing methodology for emergency situations. The importance of regional differences was noted. Mr. Bissonnette stated an example of a standard could be that if you are a market participant with the capability to provide emergency energy, you must have a defined calculation for the emergency energy price. It was noted that the ISOs would likely address this issue, but the standard would apply to organizations outside those boundaries. Mr. Yeung commented that example standard would have the effect of saying an organization must have procedures in place to mitigate disagreements at the conclusion of the emergency.

4. Development of SRS Initial Review Documents for NERC SRS/Standards

Mr. Yeung stated the SRS should develop initial review documents for NERC's Balance Resources and Demand Standard and NERC's Determine Facility Ratings and Operating Limits Standard. Mr. Johnson volunteered to prepare the draft document for the Balance Resources Standard and Mr. Green volunteered a representative from his company to prepare the draft document for the Determine Facility Ratings Standard. Mr. Yeung noted the NERC standards are well into development. The SRS scheduled a conference call for September 29 to discuss and finalize the draft documents for presentation to the Executive Committee on October 7.

5. New Business

No new business was discussed.

6. Adjourn

The SRS meeting adjourned at 3:53 p.m. Eastern.



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7. 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 | In Person |
| Jim Hartwell | NPCC | In Person |
| Alan Johnson | Mirant | In Person |
| Barbara Kedrowski | WE Energies | Phone |
| Steve McCoy | California ISO | In Person |
| Rae McQuade | NAESB Executive Director | In Person |
| Annunciata Marino | Pennsylvania PUC | Phone |
| Lou Oberski | Dominion | In Person |
| Todd Oncken | NAESB Deputy Director | Phone/Admin |
| Raj Rana | AEP | In Person |
| Barbara Rehman | Bonneville Power | Phone |
| Bob Schwerman | SMUD | In Person |
| William Smith | Allegheny Power | Phone |
| Charles Yeung | Reliant | In Person |