



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: [www.naesb.org](http://www.naesb.org)

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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 – November 5, 2003  
**DATE:** November 12, 2003

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
WEQ STANDARDS REVIEW SUBCOMMITTEE MEETING  
November 5, 2003, 10:00 a.m. to 4:00 p.m. Central  
Houston, TX**

### **1. Welcome**

Mr. Yeung called the meeting to order. Mr. Oncken gave the antitrust advice. Participants introduced themselves. Mr. Yeung reviewed the agenda for the meeting and the agenda was adopted by consent.

No changes were offered to the October 21, 2003 Standards Review Subcommittee (SRS) conference call draft minutes. The draft minutes were adopted by consent without modifications.

### **2. Update on NAESB web site enhancements and Review of SRS Documents and Procedures**

Mr. Oncken reported the recent changes to the NAESB web site, including the addition of the search function, compilation of the SRS roster, and modifications to the SRS page to assist participants in locating successive versions of common working documents. Participants discussed additional enhancements for the NAESB web site and composed the following list:

- Include a date and time stamp for posted documents.
- Include notations on documents for 'draft' and 'revision'.
- Post related NERC documents on the NAESB web site.
- In addition to the Adobe pdf version, post the word version of a document, if available, when comments are requested.
- Repost all relevant documents for the instant agenda, including draft minutes from previous meetings that will be approved.
- Post a presentation on the NAESB home page that could serve as an introduction to the NAESB process.
- Create a web page to hold all WEQ documents.

Mr. Yeung reviewed the process developed by the SRS to review NERC SARs and draft standards. Mr. Yeung stated the SRS prepares an Initial Review Document for each NERC SAR or draft standard under review, which is ultimately reviewed and adopted by the subcommittee. He noted the subcommittee then votes to determine, based on the Initial Review Document, whether to proceed with the drafting of a NAESB standards request for a companion standard. Mr. Yeung noted an Initial Review Document does not indicate where the SRS is in the review process of the NERC SAR or standard, and also does not indicate instances when the SRS determines not to draft a NAESB standard request. It was suggested that the Initial Review



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Document be posted on the Standards Request page of the NAESB web site, assigned a request number and noted as withdrawn. Participants were reluctant to adopt that procedure. There was no resolution on this issue.

### **3. Update on Coordinate Interchange Business Practices (CIBP) Task Force**

Mr. Carter reported on the Coordinate Interchange Business Practices (CIBP) Task Force. He stated the CIBP met jointly with the NERC Interchange Subcommittee and NERC Coordinate Interchange drafting team on October 27-28 to discuss the functional model, review the current draft of the NERC CI standard, and review NERC Policy 3 to categorize the sections according to their implications on reliability. Mr. Carter noted the CIBP reviewed and completed a categorization of NERC Policy 3 prior to the joint meeting, but the document discussed at the meeting was prepared by Mr. Rodriguez from the NERC perspective. Mr. Carter explained the working documents were composed through different points of view – current and future. Mr. Carter stated the first draft of the NERC CI standard should be posted in November.

Mr. Carter stated the NERC CI drafting team indicated the NERC standard would not cover the following areas: 1) whether the procedures apply to DC ties; 2) procedures for handling modifications after a transaction has been implemented; 3) timing requirements; 4) transmission losses; 5) interchange (block) accounting; 6) economic congestion; 7) approvals; 8) methodology for the data exchange; and 9) communication mechanism.

Participants discussed the issues noted above. It was suggested that from a reliability standpoint, modifications after a transaction has been implemented could be viewed as a new transaction. More extensive discussion surrounded the concept of economic congestion. Participants were unclear on the meaning of economic congestion, and Mr. Green suggested it was proper for NAESB to define economic congestion, ascertain whether it exists, and determine whether a NAESB standard is needed.

Mr. Carter stated the CIBP would meet December 2 in St. Louis, MO to look at a strawman for a NAESB standard. Mr. Carter said ideally the NERC and NAESB CI standards would proceed along parallel development paths. Participants discussed the approach taken to draft the strawman and ultimately the NAESB standard. Open items included the structure of the strawman – a comprehensive standard or group of individual standards, the reliance of the strawman on the functional model, and the inclusion of a technical implementation mechanism into the standard. Each of these issues was discussed further, but no consensus was reached. Mr. Carter expressed a preference to rely on existing technology but note that the standards are not dependent on the use of that technology. It was suggested that the OASIS 2 use cases could serve as a basis for the ultimate NAESB standards.

### **4. Report on Operate Within Limits Business Practices Task Force**

Mr. Rana gave the report on the Operate Within Limits Business Practices (OWL-BP) Task Force. Mr. Rana reported on the status of the NERC Operate Within Limits Standard drafting team, noting that the NERC standard is scheduled to be distributed to the ballot body for voting on November 15, 2003. Mr. Rana stated he has discussed the NERC standard with the OWL drafting team leader and both feel the NERC standard does not address any commercial aspects, but instead deals only with reliability issues. He noted the NERC standard does not identify which facilities will be examined or establish any timelines.

Participants discussed Mr. Rana's statements regarding the commercial implications of the NERC standard. It was suggested Mr. Rana's assessment was accurate for the standard as drafted, but there were critical commercial implications left open, including curtailment or a



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relief process. Participants agreed the critical unaddressed issues should be explored. It was suggested a starting point for the review would be the current NERC Policy sections being superseded by the standard. Further, it was suggested that the OWL-BP complete an analysis of NERC Policy 9 similar to the analysis completed by the CIBP group for NERC Policy 3. Mr. McCoy suggested a starting point of the analysis could be the listing of NERC Policy sections contained in the SAR. A conference call will be scheduled for the OWL-BP to discuss a draft of the NERC Policy 9 analysis, with a completion date for identification of commercial issues affected or unaddressed being in advance of the NERC voting deadline.

### **5. Review final draft of Initial Review Document for NERC's Determine Facility Ratings and Operating Limits Standard and determinations made during October 21 conference call**

Mr. Yeung presented the status of the final draft of the Initial Review Document for NERC's Determine Facility Ratings and Operating Limits Standard. He stated the SRS finalized the document during its October 21 conference call, but concern had been raised with the potential for NAESB standardizing methodologies on a national basis. Mr. P. Johnson, chair of the NERC standards drafting team, presented the status of the NERC standard and answered questions on the draft NERC standard.

Mr. P. Johnson stated that while the TTC, which describes the physical ceiling of the transmission system, and ATC values were related, the NERC standard would only address the TTC value, since a specific decision had been made that ATC was not a reliability issue. Mr. P. Johnson went on to explain that a transmission owner would rate its equipment, such as a transformer, and that rating would be the official rating for that piece of equipment. In making that determination, the transmission owner would have to declare the method used to create the rating and universally use the rating once established. Mr. P. Johnson stated that a national methodology would not be appropriate given the environmental impacts, such as wind, ice or temperature, on transmission components.

Mr. Yeung stated a key concern was the commercial impacts which would result from the lack of methodology standardization across the grid. In response to concerns about transparency of ratings methodology, Mr. P. Johnson stated, under the current draft of the standard, the method used to create the standard would be available to the users of the data – RAs and planning authorities.

Additionally, concern was expressed that the standard did not address ATC. The implications of ATC were discussed at length. Mr. P. Johnson noted NERC Planning Standards E1 and E2 addressed ATC, but there were currently no SARs to address ATC. It was noted the Assess Transmission Future Needs and Develop Transmission Plans SAR could have implications on the ATC.

After the conversation on the NERC Standard, it was determined that no NAESB companion standard was needed. However, the SRS found it prudent to leave the issue open pending resolution of a similar issue that has been identified, ATC Coordination, in the Seams Subcommittee's work. Mr. Green noted that a possible area of standardization could be the computation of ATC based on TTC. He posed the following question: If TTC is published, can the market participants who want to use the system verify that ATC calculations are being done appropriately? Mr. Tartibi volunteered to be the interface between the Seams Subcommittee and SRS on this issue.

The following issue was identified as an issue for the SRS presentation at the NERC Markets Committee meeting: whether there is an effort underway on the planning side similar to the Operations Subcommittee charge to the standing subcommittees of evaluating the content of



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the current NERC Policies to ensure that nothing is overlooked in the transition from NERC Policies to NERC Standards.

### **6. Review final draft of Initial Review Document for NERC's Balance Resources and Demand Standard and determinations made during October 21 conference call**

Mr. Yeung presented the status of the Initial Review Document for NERC's Balance Resources and Demand Standard. Mr. Yeung noted the SRS voted in favor of the following motion on October 21:

Mr. Dotterweich moved, seconded by Ms. Rehman, that the Standards Review Subcommittee has reviewed NERC Standard 300, Balance Resources and Demand, and finds no NAESB companion standard is needed at this time.

Mr. Yeung noted no additional comments on the initial review document have been received by the NAESB Office.

Mr. Blohm commented on the Initial Review Document. Mr. Blohm stated this NERC standard could have implications on the work of the NAESB Inadvertent Interchange Payback Task Force (IIPTF) because a component of the methodology being considered to cost the inadvertent interchange could be frequency-based and reliant on the NERC CPS calculations. Mr. Blohm envisioned a market where CPS scores would be traded similar to the market for pollution credits. Mr. Terelmes clarified the IIPTF is not attempting to set up a market and has not made any decisions regarding any methodology it would propose. Mr. Terelmes noted that the IIPTF meetings being held on December 10 & 11, 2003 will guide the work of the task force in 2004.

Mr. Blohm stated NERC standards proposals should be evaluated for their impact on market transactions. In particular, Mr. Blohm noted the traditional tendency to overlay penalties rather than evaluate whether penalties could be market-based. It was noted that absent a specific market proposal, it would not be appropriate to comment on a NERC reliability standard. Mr. Yeung noted it would be appropriate for NAESB to develop a specific proposal and highlight for the JIC areas that are unsupportable by current NERC standards. Nevertheless, Mr. Blohm stated the proposals should not be arbitrary.

Given the implications of this NERC standard on the work of a NAESB subcommittee, it was decided that while no current action was warranted, NERC's Balance Resources and Demand Standard would remain on the SRS agenda.

### **7. Update on Coordinate Operations Business Practices (COBP) Task Force**

Mr. McCoy reported that the first draft of NERC's Coordinate Operations Standard is projected to be completed and posted for industry comment in January 2004. The COBP Task Force has previously decided to suspend work pending the language of the first draft of the NERC standard.

### **8. New Business**

Mr. Yeung reviewed the recent WEQ subcommittee restructuring and highlighted the role the SRS will play in that new structure. Mr. Yeung explained the SRS's role is to review external standards – particularly NERC SARs and standards – and assess whether complementary NAESB business standards are needed. Subsequent to that determination, drafting of the complementary standards will likely take place in a different subcommittee. As an example, Mr. Yeung stated the CIBP could be reassigned to the Electronic Scheduling Subcommittee for standards drafting. Mr. Yeung encouraged participants with particular interest in a standard, such as CIBP, to transition to the drafting team.



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The processes of the SRS were briefly discussed. Mr. McCoy noted that the NERC SARs are very limited with the understanding that they will be joined later as a comprehensive framework. With that in mind, it was suggested that the process of evaluating each SAR or standard was difficult and inefficient. As an alternative, it was suggested that each of the SARs or standards could be evaluated against the operating manual so that areas not covered by the complete standards package could be more easily identified. There was no decision made regarding this change in approach.

Participants discussed pending NERC SARs which should be reviewed by the SRS. The following NERC SARs were identified for future review:

- Cybersecurity
- Assess Transmission Future Needs and Develop Transmission Plans
- Define Physical Connection Requirements
- Certification Standards (assigned to NERC for further development by the JIC on September 18, 2003)

The next SRS meeting was scheduled for January 7, 2003 from 10:00 a.m. to 4:00 p.m. in Houston, TX.

### **9. Adjourn**

The SRS meeting adjourned at 3:30 p.m. Central.



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### 10. Meeting Attendees:

Name	Company	Notes
Robert Blohm	Consulting Economist	In Person
Ken Brown	PSE&G	In Person
Yvette Camp	Southern Company	Phone
Roman Carter	Southern Company	In Person
Michael Desselle	American Electric Power	In Person
Ollie Frazier	Duke Power	Phone
Henry French	CenterPoint Energy	In Person
Ken Gates	Conectiv	Phone
Barry Green	Ontario Power Generation	In Person
Jim Hebson	PSEG	Phone
Alan Johnson	Mirant	In Person
Paul Johnson	American Electric Power	Phone
Barb Kedrowski	WE Energies	Phone
Steve McCoy	CAISO	In Person
Rae McQuade	NAESB Executive Director	In Person
Todd Oncken	NAESB Deputy Director	In Person
Raj Rana	American Electric Power	In Person
Barbara Rehman	Bonneville Power	Phone
William Smith	Allegheny Power	Phone
Glen Spurlock	Seminole Electric Coop	Phone
Karl Tammar	NYISO	In Person
Michael Tartibi	Exelon	In Person
Amie Tra	Seminole Electric Coop	Phone
Steve Terelmes	Ameren	In Person
Tom Vandervort	NERC	Phone
Carl Williams	Exelon	In Person
Charles Yeung	Reliant	In Person

### 11. Action Items

- Review OASIS 2 use cases for their implications on CIBP activities – Mr. A. Johnson – before 12/02/2003
- Complete an analysis of NERC Policy 9 (OWL-BP) – Mr. Rana – before OWL-BP conference call
- Review proposed website enhancements – NAESB Office – no time specified
- Refer Initial Review Document for NERC's Determine Facility Ratings and Operating Limits Standard to NAESB Seams Subcommittee – Mr. Tartibi – no time specified

### Future Related Meetings:

- CIBP Task Force Meeting – December 2, 2003 in St. Louis, MO
- OWL-BP Task Force conference call – early December – specific date undetermined
- IIPTF Meeting – December 10-11, 2003
- SRS Meeting - January 7, 2003 in Houston, TX