



North American Energy Standards Board

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Home Page: www.naesb.org

April 25, 2006

TO: NAESB Wholesale Electric Quadrant (WEQ) Board Members, Executive Committee Members, and Interested Industry Participants
FROM: Laura B. Kennedy, Meeting/Project Manager
RE: Wholesale Electric Quadrant Leadership Meeting Draft Minutes – March 22, 2006

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ LEADERSHIP MEETING
March 22, 2006 – 2:00 pm to 5:00 pm Central
Magnolia Hotel – Houston, TX
DRAFT MINUTES**

1. Welcome

Ms. Kennedy read the antitrust guidelines. Mr. Desselle asked the participants in the room and on the phone to introduce themselves. Mr. Lucas moved, seconded by Mr. Lucas, to adopt the agenda as drafted. The motion passed unanimously.

2. Joint Development Template for NERC and NAESB efforts

Mr. Desselle stated that NAESB had worked with NERC staff to develop a joint development proposal. He noted that the Board of Directors directed NAESB to work with NERC to create a coordination process at its meeting in December 2005. The joint development template was presented to the Board of Directors on February 22, 2006 via e-mail for adoption. The Board adopted the process unanimously and agreed that they are satisfied with the coordination between NERC and NAESB and authorized the NAESB office to move forward with the ratification of the TLR standards adopted by the WEQ Executive Committee. If ratified, NAESB will not file the TLR standards with the FERC until the exercise of moving through the joint development process with NERC is completed. The Commission has been apprised of this direction.

Mr. Desselle noted that NAESB has already begun the implementation of the joint development process with NERC for Request No. R05004 (Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM) and the related NERC SARs. The NAESB WEQ Business Practices Subcommittee (BPS), Electronic Scheduling Subcommittee (ESS), and Information Technology Subcommittee (ITS) have scheduled a joint meeting with the NERC ATC Drafting Team on April 5, 2006 in Houston, Texas.

Mr. Desselle stated that Entergy and the ISO/RTO Council have submitted comments for consideration by the WEQ Leadership in its discussion of the joint development process. The comments were posted as work papers for this meeting: http://www.naesb.org/pdf2/weq_leadership032206w3.doc (ISO/RTO Council); http://www.naesb.org/pdf2/weq_leadership032206w4.doc (Entergy).

Mr. Desselle stated that the comments from Entergy state that the joint development process was created at the request of the WEQ Executive Committee. Mr. Desselle corrected that statement, as the joint development process was created at the request of the NAESB Board of Directors. The comments from Entergy also stated that the process has not been vetted through the electric industry participants. Mr. Desselle stated that the process was adopted by the Board and presented to the Executive Committee for informational purposes and as such is considered vetted – only the Board of Directors has the authority regarding governance and



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process. Mr. Desselle added that while the Board members value the comments of the Executive Committee, the development of the joint development process with NERC does not fall within the responsibility of the Executive Committee.

Mr. Brown asked if Entergy's comments applied to the procedure used to develop the joint development process or with the end product that is the joint development process. Mr. Davis stated that the comments applied to both issues. Mr. Brown stated that the process simply charts how the organizations will deploy resources to develop standards jointly. The process will not change the rights of the ballot body to vote at NERC or the rights of the membership to vote at NAESB. He added that the process provides a way for NERC and NAESB to develop work products more efficiently. Mr. Davis stated that both organizations have member driven processes, but that the joint development process allows the Executive Management to determine which standards will be developed using the joint development process. Mr. Davis stated that Entergy's position is that these determinations should be made by the members of the JIC.

Mr. Desselle stated that the Memorandum of Understanding only addresses the decisions of which organization will develop a standard alone, and does not provide the JIC the authority to determine whether standards will be developed jointly. Mr. Desselle reiterated Mr. Brown's comments that the joint development process is consistent with the individual processes for standards development within each organization, and creates an additional opportunity, not embodied in the MOU, for joint development of standards.

Mr. Lucas asked the definition of Executive Management for NERC and NAESB. Mr. Desselle stated that for NAESB, the Executive Management would be Ms. McQuade, the NAESB Board Managing Committee, and Mr. Boswell. Mr. Desselle added that the determination whether to develop standards jointly would not be made without consulting with the WEQ Executive Committee leadership and Board Committees and other appropriate groups depending on the subject of the standard.

Mr. Yeung stated that the IRC Standards Review Committee (SRC) submitted comments that the JIC should make the determination whether standards would be developed jointly. Mr. Desselle again stated that the JIC does not have the authority to assign standards development jointly to NERC and NAESB. Mr. Yeung noted that the JIC determined the Version 0 standards would be developed by both NERC and NAESB. Mr. Desselle stated that the JIC did not determine that there would be joint development – and indeed there was not. The groups met jointly to determine the split of standards and then presented their work to the JIC along with presented to various NERC and NAESB groups. The development of the Version 0 standards was not done jointly by both organizations once the split was determined. Specifically, the need to develop a joint coordination process arose as a result of the development of the Version 0 standards in a separated fashion. Mr. Desselle stated that the JIC can assume a consultative review role for the NAESB Executive Management and NERC Executive Management, but will not make the final determination on joint development. Mr. Lucas stated that the minutes should reflect Mr. Yeung's concerns over the JIC's involvement in the decision by NERC and NAESB Executive Management to develop standards jointly.

Mr. Desselle noted that NAESB does not intend to renegotiate the joint development process with NERC. He stated that NERC's General Counsel, President, and Vice President of Standards have also agreed to the process.

Mr. Desselle continued reviewing the joint development process. He noted that FERC staff has indicated that while development of standards might take place jointly, NERC and NAESB must file the standards with the FERC separately. Mr. Desselle noted that NERC and NAESB



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will publish jointly developed standards in one publication and the publication will be distributed in a way that is revenue neutral for the organizations.

3. Resolution of Vacancies on the WEQ Board and EC

Mr. Desselle noted that the Sections 7.5 and 10.5 of the NAESB WEQ Quadrant Procedures address vacancies in the WEQ Board of Directors and Executive Committee. The WEQ Quadrant Procedures were posted as a work paper for this meeting and are also posted on the NAESB Governance Documents page: <http://www.naesb.org/materials/gov.asp>. The participants reviewed the existing procedures for addressing vacancies on the Board and Executive Committee. The participants also reviewed the existing vacancies on the Board and Executive Committee as well as how long each vacancy had been vacant. Mr. Lawson stated that if the leadership of the WEQ was planning to pursue removing the vacancies via the WEQ Quadrant Procedures, that the seats that have been vacant for three years should be characterized differently than those that have been vacant for three or four months. Mr. Lawson stated that the seat for the WEQ Executive Committee in the Generation Segment/Municipal/Co-op sub-segment had only been vacant since the last election and that he was working to find a candidate for that seat.

Ms. Ogenyi noted that the Resources Committee uses the vacancies on the Board and Executive Committee as a marketing tool when trying to recruit new members. The participants agreed that NAESB should not pursue the steps in the Quadrant Procedures if it meant that the particular sub-segments would be removed without a means to be reestablished in the future. Mr. Ellsworth stated that the sub-segment principles would be violated if certain sub-segments were removed or modified to be At Large sub-segments.

After further discussion, the participants agreed that NAESB would send a notice to the WEQ membership regarding the existing vacancies on the Board and Executive Committee. Mr. Lawson volunteered to draft a proposed modification of the NAESB WEQ Quadrant Procedures Vacancies provisions to enable the WEQ to address vacancies without violating the sub-segment principles and so that the Board and Executive Committee would continue to represent the various sub-segments of the industry. Mr. Lawson will present the proposal at the next WEQ Leadership meeting scheduled in June 2006. Ms. McQuade stated that if the WEQ Leadership supports the proposed modification to the WEQ Quadrant Procedures, then the WEQ Leadership would draft the official request to modify the procedures.

4. SRS and Triage Leadership Vacancies

Mr. Desselle requested that if the WEQ Leadership knows of individuals who would like to participate on the Triage and Standards Review Subcommittee to encourage them to volunteer by calling or e-mailing the NAESB office.

5. Meetings held regarding Gas-Electric Interdependency Report

Ms. McQuade stated that NAESB filed the Gas-Electric Interdependency Report with the FERC under Docket No. RM05-28 on February 24, 2006. In March, Ms. McQuade met with FERC Commissioner Brownell at Commissioner Brownell's request. Ms. McQuade stated that Commissioner Brownell is supportive of the GEIC Report. Also in March, a conference call was held for Commissioner Keating, and staff of NRRI to discuss the six issues identified in the report with some of the drafters of the report. Ms. McQuade added that the Department of Energy has indicated that it will develop a primer on the GEIC Report.



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6. TLR Update – Ratification Status

Mr. Desselle stated that the ratification ballots for the TLR recommendation, R04013A, were distributed on March 10, with ballots due on April 10. In order for a standard to be ratified, there must be sixty-seven percent of the votes cast in favor of the recommendation.

7. Standards efforts highlighted in recent FERC meetings

Ms. McQuade stated that in addition to the GEIC Report, NAESB filed a status report under FERC Docket number RM05-5 on February 17, 2006. The report addressed four items: “the NAESB commercial business practices for manual time error correction, ACE equation special cases, and inadvertent interchange payback for which the North American Electric Reliability Council (“NERC”) prepared and submitted comments on June 24, 2005, (2) the efforts undertaken by NAESB to determine if additional commercial business practices were needed for inadvertent interchange payback, (3) the efforts undertaken by NAESB to separate commercial business practices from reliability standards for transmission loading relief, and (4) the efforts underway by NERC and NAESB to document a formal coordination process for joint standards development that complies with both organizations’ standards development processes.”

8. Update on Board Committees and Related Efforts

Resources Committee: Mr. Brown stated that the Resources Committee has not met since the last Board meeting. He stated that there has been a net gain in members to date. He stated that he would ask Board Members who have contacted potential members to share their successes at the Board meeting on March 23, 2006.

D-U-N-S® Task Force: Ms. McQuade stated that she met via conference call with Mr. Paul of Dun & Bradstreet to discuss the conclusions in the D-U-N-S® Report that was adopted by the Board in December 2005. Mr. Paul did not ensure that Dun & Bradstreet would be able to address the needs of the WEQ. Ms. McQuade stated that if Dun & Bradstreet would not be able to provide a solution for the WEQ, then the D-U-N-S® Task Force would explore the prospect of using GLN numbers.

9. Board Agenda Review

The agenda for the March 23, 2006 Board meeting includes a report from the Board Committees; updates on specific standards development efforts including Gas Quality, Retail Invoicing, Retail Contracts, OASIS enhancements, and complementary business practice standards for NERC; and updates from the Executive Committees.

10. Highlight of WEQ Executive Committee Activities

The participants reviewed the activities of the WEQ Executive Committee including TLR and ATC/TTC.

11. New Business

Mr. Brown suggested that a letter targeted to the WEQ Board Members be drafted requesting the nomination of potential leadership for the SRS. The letter would be signed by Mr. Desselle as Board Vice-Chair for the WEQ and Ms. York as WEQ Executive Committee chair. Ms. McQuade stated that this letter could also be forwarded to EEI and EPSA.



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12. Adjourn

Mr. Brown moved, seconded by Ms. Ogenyi, to adjourn. The meeting adjourned at 4:59 PM Central.

13. Attendance

Name	Organization	Attendance
Scott Brown	Exelon	In Person
Roman Carter	Southern Company	Phone
Ed Davis	Entergy	Phone
Michael Desselle	AEP	In Person
Bruce Ellsworth	New York State Reliability Council	In Person
Chuck Feagans	Tennessee Valley Authority	Phone
Mark Fidrych	WAPA	In Person
Ollie Frazier	Duke Energy	Phone
Art Fusco	Central Electric Power Cooperative	In Person
Michael Gildea	Constellation Generation Group	In Person
Laura Kennedy	NAESB	In Person
Barry Lawson	NRECA	Phone
John Lucas	Southern Company	In Person
Rae McQuade	NAESB	In Person
Ron Mucci	Williams Power	In Person
Gloria Ogenyi	Conectiv	In Person
Rick Smead	Navigant Consulting	In Person
Veronica Thomason	NAESB	In Person
Belinda Thornton	Tennessee Valley Authority	Phone
Dean Ulch	Southern Company	Phone
Lou Ann Westerfield	Idaho Public Utility Commission	Phone
Charles Yeung	Southwest Power Pool	Phone