

ISO/RTO COMMENTS
NAESB ENERGY DAY PROPOSED STANDARDS
April 22, 2005

The ISOs and RTOs appreciate the Joint WEQ/WGQ Energy Day Subcommittee's consideration of our comments on the proposed standards posted in advance of the April 18-19, 2005 meeting. We appreciate that many of the technical issues we've previously raised have been reflected in the Adopted Business Practices.

The ISO/RTO Council (IRC) encourages the Energy Day Subcommittee participants to consider the following concerns in the development of these proposed standards:

1. **Regional flexibility:** Business practices or standards should accommodate regional differences and needs throughout North America, without being overly prescriptive. As such, business practices should allow participants to develop their own standards or practices to meet their regional requirements. For example, previous draft standards mimicked changes to the electric day during periods of extreme cold temperatures as recently adopted by ISONE. However, this requirement is moot in regions where the electric and natural gas days are fairly well aligned (e.g. New York) or unnecessary in regions which are not as dependent on gas fired generation.
2. **Operational flexibility:** Business practices should not burden electric or gas operators with unnecessary actions, particularly during periods of system stress, potentially compounding operators' ability to reliably manage their respective systems. As such, business practices should be flexible enough to allow operators the necessary judgment when to take action as it relates to the interaction between the electric and gas operations.
3. **Reciprocity:** Business practices should be reciprocal with regard to the safe operation of both the electric and gas systems. For example, most of the focus of communications standards has been to prescribe communications from the gas system to the electric (e.g. OFO notices sent to ISOs / RTOs). However, there are instances when the operation of the electric system could likewise impact the gas system. As such, the communication standard or business practice should be reciprocal (unless the regional participants deem otherwise).
4. **Reliability:** Proposed standards that address reliability concerns should be addressed by NERC and Regional Reliability Organizations to avoid any duplication of existing efforts (see NERC's Gas/Electric Interdependency Task Force).
5. **Terminology:** To the extent possible, NAESB standards should use existing names for classes of organizations consistent with the NERC Functional Model ("FM") and FERC definitions. This will help ensure common understanding across North America. Specifically, we suggest:
 - "Balancing Authority" to be consistent with the NERC Functional Model, not "independent Balancing Authority ("IBA"). The IBA term in the proposed definition, as posted, is not consistent with the NERC FM definition.

- “Regional Transmission Organization” is an organization defined by FERC in Order 2000. “Regional Transmission Operator” is not explicitly defined;
- “Transmission Operator” (NERC), or “Independent Transmission Company” (FERC); not “Independent Transmission Operator”.

The IRC proposes that the existing S16 be replaced with a new S12 that establishes the principle and conditions for use of certain of the communications procedures. This standard allays many of our concerns and we hope it can be adopted in the business practice standards. The following new S12 embodies the old S16 and principles in the language proposed by Mr. Brown of the CAISO during the meetings held on April 18-19, 2005:

S12 : - Applicable parties in the gas and electric industry will use standards S13, S14, and S15 to establish an appropriate communications procedure that will be implemented at times when concerns about power plant fuel supply could affect the reasonable operation of the electric grid, or at times when conditions on the electric grid could affect the reasonable operation of the gas system. Regional Transmission Organizations (“RTO”), Independent System Operators (“ISO”), other transmission operators (“TOP”), and/or Balancing Authorities (“BA”) that have gas plants within their territories should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate, and meet the parties’ collective regional operational needs.