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## Interchange Subcommittee and Joint Interchange Scheduling Working Group Meeting

May 2–3, 2007

### *Meeting Minutes*

A regular meeting of the North American Electric Reliability Corporation's (NERC) Interchange Subcommittee (IS) was held on May 2-3, 2007 in Portland, Oregon. The meeting announcement, agenda, and attendance list are attached as **Exhibits A, B, and C**, respectively. Individual statements and minority opinions are affixed as **Exhibits D and E**. There were none. Subcommittee Vice-Chairman Don Lacen presided. The secretary announced that a quorum was present.

#### **Antitrust Compliance Guidelines**

Secretary Vandervort acknowledged the NERC Antitrust Compliance Guidelines.

#### **Minutes of the Previous Meeting**

The subcommittee approved the February 14-15, 2007 meeting minutes and the March 16, 2007 E-Tag 1.8 Vendors meeting minutes.

#### ***NERC Standards Review***

The Interchange Subcommittee will devote the necessary time between meetings to work on subcommittee-sponsored SARs and will schedule conference calls or face-to-face meetings for constructive SAR-development, to request assistance, to determine any obstacles or road blocks that are impacting the progress of the SARs, and to strategize action plans.

#### **Urgent Action SAR for INT-005-2, INT-006-2, INT-008-2 Timing Tables**

The ballot pool and recirculation ballot pools approved the urgent action SAR for INT-005-2, INT-006-2, INT-008-2. The urgent action SAR corrected an error in the timing table that appears in all three standards. Under some conditions, the error in the timing table does not give reliability entities within WECC enough time to conduct a reliability-related review of e-tags. The SAR addresses the following standards:

INT-005-2 – Interchange Authority Distributes Arranged Interchange

INT-006-2 – Response to Interchange Authority

Bob Harshbarger submitted a SAR to formally incorporate the urgent action SAR changes into the standards. The new SAR proposes to make the above changes permanent, and also proposes to add the following to the timing table to bring the timing table into alignment with the categories (on-time, late, after-the-fact, and pre-late) used in the latest E-Tag Specifications with respect to receipt of an arranged interchange (RFI). The SAR comment window started on April 20, 2007 and ends on May 21, 2007. The IS endorses the SAR and requests that you review the SAR and complete the comment form.

## **Review of INT Standards**

The Interchange Subcommittee, as custodians of the NERC “INT” standards, reviewed the “INT-related” standards sections of the FERC Order 693 and the NERC 3 Year Standards Work Plan. Actions by NERC are necessary to address two FERC Order 693 INT standards directives, noted below.

The FERC Order 693, paragraph 821, directs the ERO to develop a modification to INT-001-2 through its Reliability Standards development process that includes a Requirement that interchange information must be submitted for all point-to-point transfers entirely within a balancing authority area, including all grandfathered and “non-Order No. 888” transfers.

The FERC Order 693, paragraph 866, directs the ERO to develop a modification to INT-006 through the Reliability Standards development process that: (1) makes it applicable to reliability coordinators and transmission operators and (2) requires reliability coordinators and transmission operators to review energy interchange transactions from the wide-area and local area reliability viewpoints respectively and, where their review indicates a potential detrimental reliability impact, communicate to the sink balancing authorities necessary transaction modifications before implementation.

The IS needs clarification from the NERC Standards Program to determine if the Standards Program will address, evaluate, and generate SARs to satisfy these two FERC Order directives. Secretary Vandervort will confer with the Standards Program director to review the options and determine if the IS or the standards program will be the lead organization to address the INT-001 point-to-point interchange transfer process and the INT-006 reliability coordinator and transmission operators wide-area and local area reviews and intervening action process. In addition the subcommittee needs to coordinate the NERC 3 Year Standards Work Plan with the NERC Standards Program.

All FERC Order 693 recommendations and directives will be reviewed by the subcommittee and given a high priority for current IS-related SARs in the standards process and for new SARs where deemed necessary. The IS will focus on three parameters: 1) What is needed for reliability, 2) Who is going to provide it, and 3) How is it measured?

## **Interchange Authority**

The IS discussed the Functional Model’s “Interchange Authority” definition, responsibilities, and how the term is used in the NERC reliability standards. The subcommittee does not have a clear understanding if the “interchange authority” is an entity or if it is a function. The subcommittee will seek clarification from the Functional Model Working Group to post an “Interchange

Authority” clear and unambiguous description, specific responsibilities, and a determination whether the interchange authority is an entity or a function.

## **Projects**

The Interchange Subcommittee will devote the necessary time between meetings to work on subcommittee-sponsored projects and will schedule conference calls or face-to-face meetings for constructive project development, to request assistance, to determine any obstacles or road blocks that are impacting the progress of the projects, and to strategize action plans.

### **E-Tag 1.8, IS – JISWG Joint Meeting**

Jim Hansen and Bob Harshbarger Co-Chairs of the NERC/NAESB Joint Interchange Scheduling Working Group (JISWG) gave a status report to the IS and JISWG. The following issues were addressed and discussed.

#### **Comment Form for 1<sup>st</sup> Draft of E-Tag 1.8 Specifications and Responses**

Messrs. Hansen and Harshbarger said that the comment form was posted and comments were received in accordance with the E-Tag 1.8 Project Implementation Plan (see meeting agenda).

Mr. Hansen went over all of the comment forms, additional comments that were received via e-mail, the draft responses and the proposed E-Tag 1.8 Specifications enhancements that were the result of the comments. After discussion the JISWG attained consensus and approved the comment responses and specification enhancements. The Comment Form for the 1<sup>st</sup> Draft of the E-Tag 1.8 Specifications and responses will be posted on both the NERC and NAESB web sites.

#### **Second Draft of e-Tag 1.8 Specifications and Comment Form**

As a result of the comments, two changes have been incorporated into the E-Tag 1.8 Specifications:

1. Section 4.6.1.1, Submitting a Profile Change Request, has been modified to be more specific.

The sentence “Specifying a Market Level Profile Change is completely acceptable provided the entity is a registered Market Operator and the modifying transaction sources or sinks in the Market Operator’s market.” This statement was modified to: “Specifying a market level Profile Change is completely acceptable provided the entity is a registered Market Operator and the Profile Change Request would modify a transaction that sources or sinks in the market Operator’s Balancing Area(s).”

2. To Section 6.1.1, Transaction Types, the following new Transaction Type was defined:  
Pseudo-Tie: A dynamic transfer implemented as a pseudo-tie rather than a dynamic schedule. Used in the same way as a Dynamic e-Tag but the energy values do not impact scheduled interchange. These tags may be adjusted in the same manner as Dynamic transaction type e-Tags.

The revised E-Tag 1.8 specifications and Schema are attached for your review, affixed as **Exhibit F and G**. The

Conditional Firm Conceptual Design for E-Tag 1.8

The Federal Energy Regulatory Commission (FERC) issued Order Number 890 related to titled “Preventing Undue Discrimination and Preference in Transmission Service.” Order 890 outlines the requirements for providing a transmission product called “conditional firm service,” see related minutes, below.

The IS and JISWG considered whether or not modifications were needed to E-Tag 1.8 in order to provide support for conditional firm. After evaluation, the IS and JISWG determined that the E-tag is not the appropriate place to carry this information. Instead, the IS and JISWG offers a simpler design that provides several advantages:

The transmission segment in the E-Tag will be associated with a new product code “CF” (or an acronym to be named later); and the level for CF’s would be dynamically retrieved as needed from the OASIS node based on the Transmission Service Provider, Point-of-Receipt, Point-of-Delivery, and start-time.

A question may be placed on the Second Draft of E-Tag 1.8 Comment Form, asking if the industry agrees with this approach.

### **E-Tag 1.8 Implementation Detail Questions for Vendors**

Detailed questions regarding the implementation of E-Tag 1.8 were compiled and will be distributed to the E-Tag vendors for their evaluation and recommendations. Brief background information and implementation questions include (but additional questions may be added):

- JISWG requests the E-Tag System Administrators have the ability to switch to E-Tag 1.8 by simply using a switch-over mechanism such as a check box, saved system preference, etc. Is this feasible and how difficult would this concept be to implement?
- JISWG requests the capability to revert back to E-Tag 1.7.097, if the E-Tag 1.8 implementation causes significant reliability or commercial problems. Is this feasible and how difficult would it be to implement?
- For cutover, will E-Tags be allowed to span the implementation time or do all E-Tags need to be terminated at a specific time?
- For cutover, will outstanding Requests be allowed to be in any state other than a final state? If so, would Requests be blocked from being submitted at a certain time or would it be better to determine a final state (such as DENIED) that would be applied to all outstanding Requests?
- Are there other implementation issues that have been overlooked and need to be addressed? Are there cutover-related features that should be included in the implementation plan?

### ***WECC Interchange Tool Update***

Don Lacen reported that the WECC Interchange Tool (WIT) is on schedule. The WIT’s is divided into three phases for implementation:

1. A single E-Tag authority enhanced E-Tag validation via a WECC Registry, and tag-based Balancing Authority (BA) Net Scheduled Interchange calculations,
2. BA Net Actual Interchange and inadvertent calculation,
3. Provide ramped Net Scheduled interchange values necessary for Automatic Generation Control (AGC) for optional use by BAs

The WIT will be the sole source for confirmed Interchange throughout the WECC. The WIT will also provide visibility to WECC staff and WECC Reliability Coordinators. Balancing authorities net interchange as calculated by the WIT will be the source of the correct net scheduled interchange for the BA and must match the hourly integrated net schedule interchange used to run AGC.

The goal is to have the first phase up and running on May 31, 2007. The second phase is anticipated to be completed by the end of the 2007 calendar year.

## ***Joint IS-ORS Meeting Summary***

The Interchange Subcommittee and Operating Reliability Subcommittee met and discussed four items that have mutual interest to both subcommittees. The items and discussion are:

### **Dynamic Schedule Information in the IDC**

The Interchange Subcommittee believes that including actual flow data for Dynamic Schedules in the interchange distribution calculator (IDC) would be a better solution than utilizing average energy forecasts. This information is readily available by participating Balancing Authorities Area Control Error (ACE) equations. In addition, the practice of using average energy forecasts for Dynamic Schedules is very difficult to monitor for compliance purposes. If metered data can be used in the IDC, then the IS will consider changing the standard to require maximum energy values in the E-Tag. This will provide a better reliability solution in forecast hours. The IS requests that the ORS conduct the necessary investigations, utilizing the IDC Working Group if necessary, to determine the feasibility of this approach.

The Operating Reliability Subcommittee agreed to forward the letter (see May 2-3, 2007, meeting agenda) and request to the IDC working group

### **Reliability Standard INT-006-1**

FERC Order 693, paragraph 866: Accordingly, the Commission approves Reliability Standard INT-006-1 as mandatory and enforceable. In addition, the Commission directs the ERO to develop a modification to INT-006-1 through the Reliability Standards development process that: (1) makes it applicable to reliability coordinators and transmission operators and (2) requires reliability coordinators and transmission operators to review energy interchange transactions from the wide-area and local area reliability viewpoints respectively and, where their review indicates a potential detrimental reliability impact, communicate to the sink balancing authorities necessary transaction modifications before implementation.

After discussing the FERC Order 693, paragraph 866, directive, both subcommittees agreed that additional discussion is necessary. The subcommittees suggest that the additional work that this directive implies will be burdensome and the reliability benefits that the directive will produce are not apparent. In addition, it is not clear who has the lead to address the paragraph 866, directive. The IS secretary will contact the NERC Standards Process Director for clarification.

### **Conditional Firm Service**

On February 16, 2007, the Federal Energy Regulatory Commission (FERC) issued Order Number 890 related to titled "Preventing Undue Discrimination and Preference in Transmission Service." Order 890 outlines the requirements for providing a transmission product called "conditional firm service." Conditional firm service would be treated as firm (Firm – Priority 7),

except when certain conditions are meant, at which point the transmission service would transition to non-firm (Non-Firm – Priority 6). FERC concludes, at Paragraph 1077 of Order 890, that the provision of conditional firm service will not result in changes to the IDC or to e-tagging.

The general consensus of the subcommittees is that many business practices will be affected by the proposed conditional firm service, but reliability requirements will not be impacted. However, the IS pointed out that the IDC will be affected. Mr. Lacen volunteered the IS to investigate the Order further. If necessary, the IS will bring the issue back to the ORS at a later time.

### **2008 IS and ORS Meeting Schedule**

The IS and ORS believe that conducting 2008 meetings in the same locations at the same time gives both subcommittee the opportunity to request a joint meeting. The subcommittees will work together to attain consensus on the 2008 meeting schedule.

### ***Interchange Subcommittee Action Item List***

Each subcommittee member is to review, take action for their items, and update the action item list, which is affixed as **Exhibit H**.

### ***Dates and Locations of Future Meetings***

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|--------------------------|------------------|
| 1. September 9-20, 2007  | Montreal, Canada |
| 2. November 14-15, 2007  | San Francisco    |
| 3. February 12-13, 2008  | San Diego *      |
| 4. May 7-8, 2008         | Charleston, SC * |
| 5. September 17-18, 2008 | Vancouver, BC *  |
| 6. November 19-20, 2008  | Austin, TX *     |

\* Dates and Locations are to be coordinated with the Operating Reliability Subcommittee's 2008 meeting schedule.

Respectfully submitted,

*Tom Vandervort*

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Interchange Subcommittee Secretary