

Meeting Agenda

Transmission Loading Relief DT — Project 2006-08

December 10, 2008 | 9 a.m.–5 p.m. EST

December 11, 2008 | 9 a.m.–noon EST

Toronto Marriott Bloor Yorkville

Toronto, ON

Conference Call and WebEx Information on page 2

1. **Administration**
 - a) NERC Antitrust Compliance Guidelines (**Attachment 1**)
 - b) Introduction of Attendees
 - c) Adoption of Agenda
 - d) Approval of Meeting Notes (**Attachment 1a**)
2. **Phase II Work**

Field Test Report from Tom Mallinger
3. **Phase III Work**

Review Comments and Discuss Plans
4. **“Parallel Flow Visualization and Mitigation for RCs in EI” SAR**

Update on the SARDT’s work from Frank Koza, Tom Mallinger, and Don Shipley
5. **Future Meetings and Schedule Review**

January 28–29 — 9 a.m.–5 p.m., 9 a.m.–noon Houston, TX at the NAESB Offices
6. **Adjourn**

Conference Call Information:

December 10, 2008:

Dial in: 732-694-2061

Conference Code: 1205121008

December 11, 2008:

Dial in: 732-694-2061

Conference Code: 1205121108

WebEx Information:

<http://nerc.webex.com>

Password: standards

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.

- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Meeting Notes

Transmission Loading Relief DT — Project 2006-08

September 29, 2008 | 1–5 p.m.

September 30, 2008 | 8 a.m.–5 p.m.

Marriott Orlando Airport
Orlando, FL

1. Administration

a. NERC Antitrust Compliance Guidelines

Andy Rodriguez reviewed the NERC Antitrust Compliance Guidelines with meeting participants.

b. Introduction of Attendees

The following members and guests were in attendance:

- Jim Busbin, NAESB Co-Chair
- Ben Li, NERC Co-Chair
- Daryn Barker
- Jonathon Booe
- Barry Green
- Larry Kezele
- Frank Koza
- Tom Mallinger
- Nelson Muller
- Narinder Saini
- Ed Skiba
- Kathy York
- Andy Rodriguez

c. Approval of Agenda

The drafting team reviewed the agenda and made minor modifications. Ed Skiba moved that the modified agenda be adopted. The motion was seconded and passed unanimously.

d. Approval of Meeting Notes

The drafting team reviewed the meeting notes from the June 26–27 meeting and made minor modifications. Tom Mallinger moved that the

meeting notes be approved as modified. The motion was seconded and passed unanimously.

e. Update on FERC NOPR and NERC's filing

Andy provided a brief update on the NERC response filing to the FERC NOPR on the TLR filing. NERC explained how it had indicated to FERC that the "sole remedy" aspects of TLR in the standard were due to the fact that TLR was an ongoing, reissued process, and that there was no real way to "halt" a TLR when facing an actual IROL.

2. Phase II Work (Field Test) Report

Frank Koza reviewed the presentation that had been given to the ORS related to the field test. The field test has largely been focused on external flowgates, since internal flowgates are addressed by other processes. The team now has data accumulated using a 5 percent threshold. The team also has met with the IESO to discuss their unique concerns.

It seems that a 5 percent threshold improves the rate of success, so long as the relief request is less than 20MW. When requests are larger, the efficacy drops significantly. IESO typically makes large requests, which has been impacting PJM. They have done this because they expect to not get a certain amount of relief, so they ask for more than they need.

The improvement in MISO at 5 percent is fairly obvious. In PJM, this seems to not be the case, but this is all based a specific IESO flowgate (9160) and the fact that flowgate was not defined correctly during a model update of the allocation engine. MISO had this same problem, but they had other events that "balanced out" their results; for PJM, all their events were based on this flowgate.

Daryn Barker pointed out the SPP results seemed to also contradict the "5 percent" results. Tom Mallinger and Frank explained that they use TLR differently, which may be part of the problem.

Frank pointed out there was also a problem in the way PJM "binds" their market. When they do so, it makes it somewhat difficult to redispatch, as their software does not recognize generators that "hurt less." In other words, it would not redispatch to bring on a 1 percent PTDF unit to replace a 5 percent PTDF. PJM is looking to modify their market software.

Frank gave an overview of agreements made with IESO to hopefully assist moving forward. IESO agreed that from now on, they will either use a local procedure **or** TLR, not local **and** TLR. IESO also agreed that they will not ask for more MW of relief than they need, and provide data for post-mortem analysis. Finally, IESO will look at entering into an agreement to specify "Safe Operating Mode" procedures.

Other important factors include the fact that MISO is still required to implement down to 0 percent for the MSPP flowgates, and some problems with the Unconstrained Market Flow calculation. It looks like Marginal Zones are NOT the problem. Success criteria need to be finalized.

Tom indicated that given the changes they have been making to improve the process, we may need more data (Tom would like at least 50 events). Tom thinks the Field Test should be extended by at least 6 months, possibly a year. This is being pursued with the ORS and Standards Committee, PJM and MISO would need to request the extension be included in the FERC-filed seams agreements. Ben will try to get this pre-authorized for the Standards Committee' Executive Committee action, as the schedule is tight. Ben believes a year extension is more appropriate (due to seasonal patterns), and will work with Tom to move this forward. The SDT agreed that extending the field test for a year makes sense, and supports the request.

As a side note, MAPP has agreed that when their Seams agreement expires, they will sue a 3 percent threshold. Barry Green suggested that this may have impact on the Parallel Flow SAR, and will need to be considered at the same time.

There was some discussion on the elimination of the regional differences currently in the NERC and NAESB standards. Ed Skiba asked to review the steps. Will the end of the Field Test drive changes at NAESB? The team summarized that we would remove them from the NERC standards as a retirement with the next version of the standard. The TLRDT may wish to make a recommendation that the NAESB differences in the BPs be removed or modified based on the Field Test results. However, this may just need to be handled as a "minimum" threshold as we discussed (and optionally a maximum). If we created such a standard, this would probably make things easier, as it would communicate one or two "reliability" numbers to limit the business practices. If we don't have such a standard, then any recommendation we have would be largely advisory, and the BPs could set the threshold anywhere.

Larry Kezele pointed out that **if** the thresholds are changed, it would require an IDC change order, as well as FERC approval.

3. Joint Operator Manual Status

Ben Li reported on the SC approval of the Joint Operator Manual. The manual has been approved for posting, and Maureen will be posting it soon. Ben thanked Kathy York and Jim Busbin for their hard work on the manual.

4. Phase III Work

Andy Rodriguez presented the comment form and the Implementation Plan to the team. The team made modifications to the comment form and Implementation Plan. It was noted that we need a definition of Market Flow. Kathy provided a

definition based on the NAESB work. The SDT agreed that the PJM, SPP, and MISO waivers did not need to be in the new standards.

The team agreed to shoot for a 45-day posting target, starting on October 6th.

UDPATE — Due to excessive workload and NERC resource constraints, this was posted on October 30th for 30-days.

The team discussed the term “Reallocation,” and agreed that it did not need to be in the NERC glossary anymore. Reallocation is addressed within the NAESB standards, and is easily covered in existing language related to curtailments and reloads. The team agreed to recommend removal of the definition from the glossary.

5. “Parallel Flow Visualization and Mitigation for RCs in EI” SAR

Ben Li reviewed the current procedural state of the SAR. The OC has endorsed the SAR, and the SC has assigned it to the SDT as a “supplemental SAR” to our work. Ben has some concerns about the timing of the SAR, as we have some many other things going on right now.

Tom and Frank provided further discussion on the SAR. The issue of priority of generator flows from non-Designated Network Resources will be addressed at NAESB, rather than in this SAR, which will focus just on the reliability aspects of the effort. The SAR was modified to be clear that an RC could outsource these calculations to a vendor if desired.

The ORS and RCWG are looking for a business case to support the SAR that will include the costs to the RCs, costs of changing the IDC, and the benefits. Some other questions from the OC were who will pay for the IDC, and who will maintain the tool on an ongoing basis (NERC? Not sure)? If the costs are small (<\$50k), some of the RTOs may pay the cost.

Tom indicated that Lanny had been named to the SARDT. **UPDATE** — This may change, as Lanny has indicated that he was assigned to the SARDT erroneously. Don Shipley should be the SARDT member, per Lanny.

There was some question whether we really need a standard on this or not. Maybe we only need a data requirement of some kind? However, by putting it into a standard, it would level the playing field and ensure all entities have to support the data needs.

From a timing perspective, the SARDT should plan on posting the SAR after the Phase III posting. Frank, Tom, and Lanny (or Don) will work on drafting the business case, the next revision to the SAR, and the comment form to be presented at the next meeting. The ORS may be presented the business case

before the SDT, and the IDCWG may be asked to think about this in advance of our next meeting as well.

6. NAESB Coordination

Jim Busbin and Kathy York provided a review of the NAESB Annual Plan recommendation related to this team's work.

Jim Busbin provided a brief overview of the current efforts at NAESB to address discrepancies between the old NERC standards and the new NAESB business practices. Currently, there is a conflict between TLR 5B and 3B and reallocation.

7. Future Meetings (*Italics not confirmed*)

December 10–11 — 9 a.m.–5 p.m., 9 a.m.–noon in Toronto, ON at the Marriott Bloor Yorkville

January 28–29 — 9 a.m.–5 p.m., 9 a.m.–noon in Houston, TX at the NAESB Offices

8. Adjourn

The drafting team adjourned at approximately 10:55 a.m. on September 30, 2008.