



August 9, 2004

Ms. Rae McQuade  
Executive Director  
NAESB  
1301 Fannin, Suite 2350  
Houston, TX 77002

Dear Ms. McQuade,

Mirant is generally supportive of the direction being taken in the development of Version 0 Business Practice Standards. The subcommittee is to be commended for its work to date. Below please find Mirant's comments on the first draft.

Time Control

- Agree that NERC Policy 1, section D is primarily a business practice, as its purpose is to correct an error. There are reliability ramifications to time error correction that must be acknowledged, but the business aspect outweighs the reliability component. Therefore, per the MOU, the standard should be developed by NAESB.
- NERC has carried Policy 1, section D, requirement 4 over to its Version 0 standard 004. However, unlike NAESB, it has not moved over the requirement verbatim. This results in similar, although not identical requirements within each organization's Version 0 standard, making it inconsistent with the "Shadow" concept.

Inadvertent Energy Payback

- Agree that NERC Policy 1, section F is primarily a business practice as it addresses after the fact correction.
- Comments on the translation
  - Section 2.1.1.1 – suggest use of "Balancing Authority Area" in lieu of "Balancing Authority"
  - Section 2.1.1.2 – there's a reference to NERC Interchange procedures. Should probably be more specific, for clarity sake. The current reference is to NERC Policy 3. I believe that the relevant sections have been translated to NERC standard 012.
  - Section 2.1.2 – Note that in the NERC translation of Policy 1, CPS (control performance standard) has been replaced with CPM (control performance measure).
  - Appendix B, section 1 – Believe the reference is to Requirement 3.2, not 3.

### ACE Equation Special Cases

- Given NERC's indecisiveness regarding Appendix 1A, NAESB has done the proper thing in moving forward. However, I believe that Appendix 1A should be part of NERC's Version 0 requirements and should not be part of NAESB's. If NAESB does choose to include the sections within its Version 0 effort, then I believe that they should be captured in a "best practices guide" rather than as business practice standards.
- Responses to specific questions
  - Should NAESB develop them as a business practice standard even if NERC eliminates them completely? If not a standard, should it be a best practice guide?

*If NERC chooses to eliminate the sections in question, signifying that they are not needed for reliability purposes, then NAESB should consider developing them as suggested best practices for handling the cited special situation.*

- If NERC does not adopt them as part of its reliability requirements but instead incorporates them into a reference document, should NAESB develop them as a business practice standard anyway? If not a standard, should it be a best practice guide?

*No, under these circumstances, NAESB should not create a business practice standard anyway. In order for ACE to have meaning, entities need to calculate it in the same fashion. The information contained in these special cases helps to achieve consistency. If NERC doesn't believe this to be the case, then I don't think that NAESB should promulgate a standard to dictate how the calculation should be done. However, it would be reasonable for NAESB to create a best practice guide.*

- If NERC keeps these sections as part of its Version 0 reliability requirements, should NAESB "shadow" them as a business practice standard or best practice guide as well?

*No, if NERC retains these sections, I don't see a reason for NAESB to "shadow" them.*

### Coordinate Interchange

- Something to think about - Definitions for some terms contained within the proposed standard are provided at the beginning of the standard. What is the thought process for other terms that are not defined? In other words, will there be a master NAESB glossary that the user can turn to, or is the user expected to reference the NERC glossary. For example, the term Interchange Transaction is utilized in the standard, but is not defined.
- Comments on the translation
  - Section 1.0 – insert "and certain Interchange Schedules" after "... bilateral Interchange Transactions..."
  - Section 2.0 – insert "by the PSE" after "... shall be performed..."
  - Section 5.0 – insert "including all updates and notifications" after "The completed Tag"
  - Section 8.0 – Don't agree with the use of E-Tag as the "preferred method" of submitting a tag. Believe that it creates a critical gap with NERC on the reliability side. If use of E-Tag is not mandated, how does the transaction information get into NERC's Interchange Distribution Calculator (IDC)? Also should be more specific in the reference to E-Tag, citing the documents *Electronic Tagging – Functional Specifications* and *Transaction Tagging Process Within ERCOT Reference Document*

- Section 10.0 – there’s a significant loss of detail here in the translation of NERC Policy 3, section D, requirements 1.1-1.5. What was the rationale? Should consider pulling some of it back into the standard for clarity.
- Section 11.0 – Per the NAESB markup of NERC Policy 3, this section was intended to cover Policy 3, section A, requirement 1.4 (E-Tag monitoring). Don’t believe that the proposed language fully captures the essence of the current text. The proposed language should be modified to incorporate the need to have the ability to receive information about a Tag’s status.
- Section 12.0 – Substitute “Interchange Transactions” for “Transaction Tags”
- NAESB Appendix E – in this translation of NERC Appendix 3A4, “Transmission Customer” has been replaced with “Purchasing-Selling Entity”. Wondering if this translation is too restrictive.

#### Emergency Operations

- The proposed NAESB business practice appears to be a composite of key sections from NERC Policy 5C and NERC Appendix 5C. Some of these sections will be found in both the proposed NAESB and NERC Version 0 standards. Because these sections address operating requirements during a system emergency, I don’t believe that NAESB needs to create “shadow” business practices. The one place where it may be appropriate is in Appendix 5C, section C, the *Energy Emergency Alert 3 Report*. The report is created after the fact and does not impact reliability-it’s a reporting process. As such, it is reasonable for NAESB to create a business practice.
- Comments on the translation
  - Section 3.0 – after “...to the fullest extent practicable...” insert “and is unable to return its negative ACE to zero within fifteen minutes”. Then delete “after a 15 minute period”

#### Transmission Loading Relief

The conversion of the NERC Policy 9 appendices looks fine. No suggested changes.

Thank you for the opportunity to comment.

Sincerely,



Alan Johnson  
Manager Business & Reliability Standards