



North American Energy Standards Board

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via posting

TO: NAESB WEQ Standards Review Subcommittee, Coordinate Interchange Business Practices Task Force, and Posting for Interested Parties

FROM: Leona Banning, NAESB Staff

RE: Wholesale Electric Quadrant Standards Review Subcommittee, Coordinate Interchange Business Practices Task Force Meeting Minutes – December 2, 2003

DATE: December 30, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WHOLESALE ELECTRIC QUADRANT STANDARDS REVIEW SUBCOMMITTEE,
COORDINATE INTERCHANGE BUSINESS PRACTICES TASK FORCE MEETING
December 2, 2003
8:00 a.m. – 3:30 p.m. Central
Draft Minutes**

1. Welcome

Mr. Oncken gave the antitrust advice to participants. Mr. Carter welcomed those in attendance in person and over the telephone, who all introduced themselves. The agenda was adopted as published. The group then reviewed the October 21, 2003 minutes. Mr. Carter asked if there were any changes. There being none, Mr. DiCaprio motioned to accept, seconded by Mr. Power. The minutes were accepted. Next reviewed were the minutes from the October 27-28 dual meeting. Mr. Carter asked if there were any changes. There being none, Mr. Carter motioned to accept, seconded by Mr. Schwermann. The minutes were accepted.

The group approved the agenda as published.

2. Discussion of CIBP Task Force Scope

Mr. Carter explained that discussion of the CIBP scope would start with NERC Policy 3, then be broken down to the smaller topic of NERC's responsibilities within Policy 3 versus NAESB's responsibilities within Policy 3, in the context of what the CIBP Task Force will accomplish.

- NERC Policy 3 is broken up from policies and procedures into standards. NERC has taken upon itself to create reliability standards that will cover Policy 3. There are many standards. The NERC standard covers items in Policy 3 that are reliability related, but it leaves out areas that relate to business practices.
- The CIBP Task Force is intended to complement the work of the NERC and to finish out the process for a bilateral transaction to take place, start to finish, and to cover both reliability issues as well as business practices. Our work is complementary to that done



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by NERC, so that when a practice is started it can cover business practices and reliability issues that relate to the business practices.

- Mr. Carter began by looking at the definitions and purpose surrounding what NERC is doing.
- Regarding requirements: The NERC drafting team feels that there are four reliability issues related to doing a transaction
 1. Balancing Authority (BA) shall implement confirmed interchange exactly as confirmed and agreed.
 2. Interchange Authority (IA) will verify that the arranged interchange is balanced before confirming the arranged interchange.

Mr. Carter noted that he recommends that NAESB incorporate definitions that NERC is proposing so that we are all talking the same language.

 3. Reliability Authority (RA) will respond to the request from the IA to transition an arranged interchange to a confirmed interchange. Mr. Carter noted that at this point, the RA, on the front end of the transaction, gives the approval to transition to a confirmed interchange to the IA.
 4. IA shall communicate whether the arranged interchange has transitioned to a confirmed interchange to all parties involved.
- The group agreed that the transaction is composed of four basic pieces of information:
 1. When
 2. How much
 3. Where
 4. Commercial Requirements
- The group reviewed the diagram showing a coordinate interchange from the NERC perspective. NERC views the states of a transaction as:
 1. Arranged
 2. Confirmed
 3. Implemented

These states are all considered in the reliability area.

Mr. Carter explained that the NAESB CIBP Task Force would be responsible for standards surrounding the transaction prior to the reliability area; i.e., a request for an arranged interchange. That effectuates the transition to reliability.

Mr. Carter outlined that in the December 2 meeting, the tasks were to iron out the approvals, communication requirements and process requirements on the front end, as well as any related business issues, and identify any areas that might not have been addressed. NERC and NAESB must work together to cover all aspects of the transaction.

The group next reviewed the Approval Process diagram authored by Andy Rodriguez. Mr. Carter explained that currently, approvals are accomplished via E-Tagging. Today



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the approvals go to the scheduling desk. But in the future, that will become the role of the IA. The same people are involved. The information would then go to the IDC.

The group discussed the question of NERC and NAESB's determination of who will be facilitating the IDC, who will develop standards for the IDC, and who is the owner.

The group also discussed the development of business standards surrounding how the market will deal with congestion management in a fair way in the future:

- There was discussion on making a request to the JIC to decide if it would be a NERC standard or a NAESB standard, as the issue isn't covered now.
- Furthermore, IDC is a post implementation of the current tariff. Who or what will deal with congestion.
- Mr. Carter pointed out that IDC is a tool to handle congestion management, and that congestion may need its own standard or policy or business practice, as it's such a big issue. The group discussed whether the CIBP should make that recommendation, and whether or not it has been added to the Seams issue list.

Mr. Carter explained that the CIBP standard will predominately deal with how to get the request for an arranged interchange to the Interchange Authority, and that other standards may surface as the group carries on with its work. The standard will primarily deal with communications among parties, recognizing that there will be business practices defined as well. In short, the scope of the CIBP is to complement the Coordinate Interchange Standard: i.e., to complete it or to make it whole. NAESB can make sure that all the processes are taken care of to make sure that the Transaction can be taken to the Reliability area. In doing so, Mr. Carter suggested that the CIBP not endorse a specific vendor or tool, but instead first focus on setting the groundwork for the standard.

3. Discussion of CIBP Strawman Standard

Mr. Carter explained that the strawman standard was created to jumpstart the work for the CIBP. The basic requirements resemble E-Tag 1.7; but the document does not recommend using E-Tag 1.7. The idea is to be as straightforward as possible and to include only what is required to do business.

The group discussed the need to distinguish NAESB's work from that of NERC, while coordinating efforts between the groups. Mr. Carter pointed out that NAESB is taking care Of the issues required to do a bilateral transaction from a business perspective and does not cover NERC's requirements. The strawman is written from the current functional model standpoint, looking at the approval process based on the functional model.

The group discussed that the standard must make it as efficient as possible to get the approvals required to gain the required approvals and to hand off the request for an arranged interchange to the Reliability area. Mr. Carter pointed out that the marketplace may need to know what the timing requirements involved will be, to provide a touch point in the procedures and policies as an assurance of timeliness. The question comes in determining how specific the standard needs to be.



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Requirement 1: Mr. Carter explained that Requirement 1 in the strawman standard means that the load serving entity has primary responsibility for the approvals, summarizing that we are describing the E-Tagging system without calling it E-Tag. Our goal is to get it past the market and into reliability. There is a tool called a Request for Arranged Interchange. We will use this tool to put together the pieces and hand it off to the RA.

Requirement 2: Mr. Carter explained that Requirement 2 states that approval/denial notification from the Approval Entities-Transmission Service Provider (TSP), Source and Sink Balancing Authorities (BAs), and the Reliability Authorities (RAs); for the transmission reservation, ramping rate, and reliability analysis, respectively, are required to be communicated to the PSE before the RAI can be submitted to the IA to become an Arranged Interchange. If the RAI is denied by any of the Approval Entities, the reason for the denial will be included with the notification, in accordance with NAESB's Business Practices document (to be constructed).

The RAI submission and the approval assessment timing requirements shall be in accordance with the most current version of the NAESB RAI Submission and Response Timetables Document.

The group discussed that enforceability is a fundamental question. The NAESB standards are voluntary. Requirements with no measurements are problematic. The objective is to provide reliability standards for the industry. All we are trying to do is agree that we have a common objective of meeting the four reliability numbers. Do we have to measure how well we perform?

Mr. Oncken provided some clarification – the NAESB perspective is that anything that is developed, measurable OR NOT, is a NAESB standard. Measurability is not required but can be included if appropriate. Most WGQ standards do not have measurability in them. Regarding the NERC standards in development, NAESB will provide the requirements section of that work, but stop there – including measurements where appropriate.

Mr. Carter explained that the tagging mechanism is how we communicate the data. The requirement is that the information “get there.” The “WHAT” is separate from the “HOW;” i.e., the means to accomplish the Coordinate Interchange Business Standard is separate from the standard itself. The group discussed the potential for chaos if neither NERC nor NAESB specifies what to do, and that there is a need for a roadmap. The group concluded that the CIBP will specify “WHAT”, while the Electronic Scheduling Subcommittee will specify “HOW.”

The ESS is submitting a request to adopt existing OASIS standards.

The group discussed the requirement for an RAI datasheet to specify which data is required vs. which is not required. References in the strawman are to NERC E-Tagging 1.7 but that can be changed.

Mr. Carter suggested that in addition to Requirement 2, the CIBP create a reference document or business documents like WECC has done.

After additional discussion, the group decided to remove Requirement 2.



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Requirement 3: All Approval Entities shall submit and communicate approval/denial notifications contained in Requirement 2 to the IA as a requirement for a RAI to become an Arranged Interchange. Mr. Carter explained that this refers to the communication of approvals or denials to the IA, and specifies that IA is in the loop on approvals or denials.

Requirement 4: The RAI will contain the same market related information as currently provided by the "Transaction Tag Action" data sheet, Appendix 3A4 of the current NERC Operating Policy. This data sheet will be renamed the "NAESB RAI Data Sheet".

Requirement 5: The PSE shall have the facilities and personnel necessary to receive unsolicited notification from approval entities for approvals/denials or changes in the status of a RAI with which the PSE is a participant; i.e., someone must be there to accept notification. There was discussion among the group whether the requirement could be formalized.

Requirement 6: Confirmation of the RAI receipt shall be provided by the IA and communicated to the Approval Entities and the PSE who submitted the RAI, thus providing the "handoff" from Market to Reliability. The group questioned whether this is requirement is in reality a reliability function. As it is already in the reliability standard, is it necessary to restate it?

Requirement 7: Interchange transactions implemented in the Eastern and ERCOT Interconnections will use 10-minute ramp duration. Interchange transactions implemented in the Western Interconnections will use 20-minute ramp duration. Transactions starting at times other than "top of the hour" will provide appropriate ramping and assessment time for the approval entity. These transactions should only be denied for reliability reasons and data errors.

After discussion on its necessity, the group marked this requirement as requiring additional work.

Requirement 8: Approval entities shall not disclose information from a RAI to anyone other than parties involved in the transaction.

The group again questioned the necessity of the requirement, and reviewed brought up the issue of line loss and how to represent it in requests and confirmations.

The group discussed the necessity of a placeholder for curtailments in the requirements that the group is crafting.

The group noted that Requirement 6 deals with Interchange transaction modifications. Do we need a process to change an implemented transaction? The group agreed that questions surround "Market Modifications" procedures. There will be a different process depending whether or not implementation has occurred. The group discussed the need to talk about modification and notification. Is it a separate item to address this after implementation? This issue touches on both Requirement 6 and Requirement 8, which is after arrangement but prior to implementation; Requirement 6 could be before or after implementation.



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4. Discussion of Posting Timeline of proposed Standard and 5. Discussion of CIBP Standard 2004 Calendar

Mr. Carter explained that the next step would be to refine the strawman requirements as required. Mr. Carter called for someone to review, prior to the ESS meeting on December 15-16, the datasheets, separating the market-related requirements from the reliability requirements, keeping in mind the four necessary pieces of information. Mr. Power volunteered to review the data sheets.

Mr. Carter stated he would make changes to the requirements, then send them to Mr. Schwermann for presentation to the ESS group.

The ESS is submitting FERC Orders 638, 605 and 889 for approval as a basis for standards development.

Mr. Carter mentioned that the standard must be reviewed in context with NERC – Tim Gallagher, Mike Oates, Jim Burke and others as required. The requirements should also be reviewed by those in attendance via telephone, by Mr. Landrum, by the TISWG, by the IT subcommittee and by the ESS.

The revised standard will be reviewed at the next meeting, then sent out for comment.

6. Other Business

The next meeting will be January 21 in Dallas.

7. Adjourn

Mr. Carter thanked the participants and adjourned the meeting at 3:45 p.m.

Attendance:

NAME	Company	In Person/By Phone
Banning, Leona	NAESB	phone
Brown, Kenneth	PSE&G	phone
Davis, E	Entergy	in person
DiCaprio, Albert	PJM	in person
Gates, Ken	Conectiv	phone
Kebrowski, Barb	WE Energies	phone
Mccoy, Steve	California ISO	phone
Power, John	Midwest ISO	in person
Schwermann, Bob	SMUD	in person
Terlms, Steve	Ameren	phone
Winterfeld, Curt	Dessert Power	phone