



# North American Energy Standards Board

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**via email and posting**

**TO:** NAESB WEQ Electric Trading Task Force (ETTF) Conference Call Participants and Posting for Interested Parties

**FROM:** Rae McQuade, Executive Director

**RE:** NAESB WEQ ETTF Meeting Minutes – March 25, 2003

**DATE:** April 3, 2003

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
WEQ Electric Trading Task Force (ETTF) Meeting  
March 25, 2003, 10:00 a.m. to 3:00 p.m. EST**

**1. Welcome**

Mr. Johnson welcomed participants. Mr. Oncken gave the antitrust advice. Participants introduced themselves. Mr. Johnson reviewed the draft agenda. Mr. Schwermann moved, seconded by Mr. Thompson, to adopt the agenda as written. Absent objection the agenda was adopted unanimously.

**2. Discussion of committee goals/objectives**

Mr. Johnson reminded participants the ETTF was a WEQ Market Operations Subcommittee (MOS) task force charged with determining whether the development of an electric trading day was appropriate. Additionally, Mr. Johnson noted the MOS, at its March 6 meeting, directed the ETTF to develop definitions for trading day and operating day so the MOS could better understand the implications of standardizing a trading day or operating day. Mr. Johnson noted standardizing an operating day was more in line with MOS participants' interpretation of the annual plan item.

Participants discussed the work paper prepared by Mr. Cox depicting control area timelines. Mr. Cox stated the work paper reflects graphically the timing of different control areas. Mr. Cox noted the work paper is not inclusive of all control areas due to the difficulties in gathering the data. Mr. Cox briefly described the contents of the work paper. Mr. Cox noted much of the content of the document, especially the footnotes, came directly from tariffs or business practices. It was noted that certain 'as practicable' language complicates the timeline.

Mr. Johnson suggested the task force review the proposed definitions submitted by Mr. Slick. Mr. Johnson read the definitions, as follows:

Standard Electric Operating Day

*A standard electric operating day consists of those decisions and activities, physical and financial, inside or outside of formal RTO / ISO market structures, pertaining to gen commitment, gen dispatch, gen scheduling, gen trading, trans scheduling and trans tagging that occur within a 24 hour midnight to midnight period, for any prospective time period, including real time, day ahead and longer time frames.*

Standard Electric Trading Day

*A standard electric trading day consists of those decisions and activities, physical and financial, inside or outside of formal RTO / ISO market structures, pertaining*



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*to gen trading that occur within a 24 hour midnight to midnight period, for any prospective time period, including real time, day ahead and longer time frames.*

Mr. Slick stated that while the proposed definitions might not be agreed on, the ETTF should be able to agree on two sets of generic definitions. Mr. Thompson commented that the proposed definitions seemed much the same and appear to reflect the same 24-hour period. It was suggested that on a functional level trading takes place prior to the operating day, so it should follow that the standardized days function accordingly. Additionally, it was noted that if the period for trading went beyond 24 hours, the terminology should be changed to trading period instead of trading day.

Participants focused on the problems to be solved by standardizing a trading or an operating day. Current market challenges included: 1) a disconnect between the gas and electric timelines; 2) seams issues for companies operating in more than one regional market; and 3) market participants not having parallel opportunities due to the current timing of business transactions. Regarding parity between gas and electric timing, it was noted that as more power is generated through gas generation facilities, aligning the gas and electric timelines will become more important. Further, it was noted that under the LMP model gas storage capabilities might be required to minimize risks.

Mr. Thompson reflected on the challenges faced by companies operating in more than one market. He explained that scheduling across the areas is difficult because the markets open at different times and the schedules are not coordinated. Mr. Thompson stated this disconnect results in the market participants not receiving accurate pricing signals.

Participants prepared a diagram depicting the activities occurring during a three day span to help frame the issues and create the definitions. Please see diagram attached. During preparation of the diagram, participants discussed whether the realities of the real time market will drive the ETTF definition and standardization efforts. It was noted that if it takes 18 hours to start a unit that must be on at midnight, it makes sense to use 18 hours prior to midnight as the time that scheduling is due.

During discussion on the definition of trading day, it was noted definitions were catalogued and compared for an ESC project. Ms. Szot stated that in her work on the ESC project, she had not discovered a standard definition for trading day. She offered several definitions, including the 24-hour period beginning at the start of 100 and ending at 2400 daily, unless changed for Daylight Savings Time, or a calendar day on scheduled transactions consisting of 24 hours. Ms. Szot stated she did not see any definition for operating day. It was noted operating day might be defined in the operating manuals.

Participants discussed what standard time should be used. Adding to the obvious complications of standardizing a time for both the East and West coast, it was noted that some areas, such as MISO, do not recognize daylight savings time. Mr. Thompson suggested using Central Standard Time (CST). It was noted using CST for trading purposes and Eastern Standard Time (EST) for transmission purposes could be problematic. It was suggested that having an Eastern day and Western day might be an option that, while not ideal, would be preferable to the current system. Additionally, it was noted that under current product definitions, while most regions have on-peak and off-peak products, those products are region specific. From a historical perspective, it



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was noted that the Western and Eastern systems have been regarded as inherently distinct and separate systems.

Mr. Schwermann stated the ETTF was exploring whether to define a trading day, for example, what time would staff report to the office to begin the work day. While the discussion of peak and off-peak was interesting, Mr. Schwermann said the ETTF is not looking at a product day. It was suggested that a further step in the NAESB standardization process could be to define products. Additionally, participants discussed whether it was more appropriate for NERC to define the operating day and NAESB to define the trading day not in conflict with the definition of operating day.

Participants agreed on the following definitions:

Day-Ahead Trading Period

*That period of time which commences the 24 hour period prior to the operating day for trading, scheduling, and unit commitment to support real time market operations. During this period of time, all day ahead (prior to operating day) transactions are purchased, sold, and scheduled.*

Operating Period

*The operating day is 24 hour period from midnight to midnight pertaining to electric operation of the power system.*

Participants discuss the draft language. It was noted market participants can trade any products anytime during that time period.

**3. Development of market timelines**

Please see discussion in item 2.

**4. Discussion regarding development of a standards request**

Participants discussed drafting a NAESB standards request for the electric trading day. Mr. Thompson noted the standards request could contain proposed definitions, timing standards, or other appropriate requests. Mr. Cox expressed a preference for a broad request rather than a request listing specific proposals. It was noted the standards request is preliminary in nature and details would be developed through future work of the ETTF.

Participants agreed to familiarize themselves with the NAESB standards request form in preparation for the April 9 ETTF meeting in Fort Lauderdale. Additionally, Mr. Thompson and Mr. Cox agreed to draft a NAESB standards request for review at the April 9 meeting. Mr. Thompson suggested he would be prepared to contribute language regarding why to standardize forward and physical markets. Mr. Cox noted the ETTF should prove the need for a standard before working on developing the standard.

**5. Calendar of meetings**

WEQ ETTF Meeting, April 9, 2003, 1:00 p.m. to 5:00 p.m. EST, Fort Lauderdale, FL

WEQ IIPTF Meeting, April 9, 2003, 9:00 a.m. to noon EST, Fort Lauderdale, FL

**6. Other business**

Mr. Johnson initiated discussion of adoption of the minutes from the March 10, 2003 ETTF conference call. Mr. Johnson proposed modifications to the minutes. Participants agreed to table approval of the minutes until the next meeting. Redlined minutes will be posted to reflect Mr. Johnson's proposed modifications.



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### 7. Adjourn

The meeting adjourned at 1:53 p.m. EST.

### 8. Meeting Attendees:

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<b>Name</b>	<b>Company</b>	<b>Notes</b>
Shannon Black	Sacramento Municipal Utility District	
Christopher Burden	Williams Gas Pipeline	
Regina Corrado	Exelon Generation	
Phil Cox	American Electric Power	
Edward Davis	Entergy	
Francis Halpin	Bonneville Power Administration	
Nick Henry	Sacramento Municipal Utility District	
Jim Howell	Southern Company	
Alan Johnson	Mirant	Chair
David Lemmons	Xcel Energy	
Todd Oncken	NAESB	Administrative
David Perlman	FERC	
John Rainey	TXU	
Bob Schwermann	Sacramento Municipal Utility District	
Dave Slick	Salt River Project	
Lisa Szot	California ISO	
Steve Terelmes	Ameren Energy	
Ed Thompson	Con Edison	