



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

via email and posting

TO: NAESB WEQ Inadvertent Interchange Payback Practice Task Force Conference Call Participants and Posting for Interested Parties

FROM: Rae McQuade, Executive Director

RE: Conference Call and Meeting -- February 19, 2003

DATE: February 14, 2003

Dear NAESB WEQ Inadvertent Interchange Payback Practice Task Force (IIPTF) participants,

As previously announced, the IIPTF is meeting on February 19 in New Orleans in conjunction with the Executive Committee meetings. The meeting will be held from 9:00 am to Noon at the Wyndham New Orleans Hotel at Canal Place, in the Magnolia 1 Room. Conference calling is also available and the phone number has already been sent out. Should you need additional information, please call the NAESB office (713-356-0060). The meeting will be co-chaired by Joe Hopf and Robert Blohm.

The charge of the IIPTF is as follows:

"Inadvertent Interchange Payback Practice Task Force: The following individuals volunteered for the task force: Mr. Weinstein, Mr. Goss, Mr. Blohm, Mr. Hopf, Mr. Schwermann, Mr. Monroe, Mr. Hudson, Mr. Benjamin, Mr. Hartwell, Mr. Oberski, Mr. Maenner, and Ms. Ogenyi. Mr. Goss, Mr. Blohm and Mr. Hopf have volunteered to serve as the point people for the task force.

The Inadvertent Interchange Payback Practices Task Force is charged with scoping the inadvertent interchange issues and if they determine that standards are needed, developing a standards proposal based on the scoping document. Mr. Desselle noted that while NAESB does not decide policy, a task force could frame a policy issue, or even "tee it up" for FERC consideration. Mr. Corneli suggested the task force brainstorm about the different possibilities that could be proposed or possible concepts for standards, including standards that would address the issues of good vs. bad interchanges, in-kind payback, integration of the two types of balancing authorities, the metric, and the types of transactions needed to price out inadvertent interchanges.

The Inadvertent Interchange Payback Practices Task Force set March 3 as a target date for the scoping document to allow time for review and approval by the MOS prior to the March 21 JIC meeting. To achieve that target, a task force conference call will be held in early February, followed by a task force meeting during the February Executive Committee meeting being held in New Orleans. Members of the JIC noted that while all NAESB work on inadvertent interchange will go through the JIC process, NERC has preliminarily determined inadvertent interchange was a business practices issue."

As such several conference calls have been set up and notification of those call were provided earlier this month. After the meeting on 2-19, the remaining call is scheduled for **2-27-03 from 1:00 to 4:00 pm Central**. The update and review of work products will be given at the MOS meeting on March 6 (10 am to 3 pm MT) in Phoenix.

A draft agenda for 2-19 is shown following. Work papers as they are received will be posted for this meeting and may be downloaded, (http://www.naesb.org/weq_market_operations.htm),



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from the NAESB web site. Please call the office (713-356-0060) for call-in instructions if you would like to participate and did not receive the notice of the conference calls. The work products of these meetings will be presented to the MOS for review and discussion on March 6 in Phoenix. This, as with all NAESB meetings, is an open meeting.

We look forward to your attendance.

Best Regards,

Rae McQuade



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Draft Agenda

1. Welcome
 - Antitrust Guidelines
 - Welcome to attendees
2. Identification of issues of IIP:
 - Pricing and issues of the energy component of IIP:
 - For spot prices, are there spot prices available across the regions?
 - What happens to the energy spot prices at seams?
 - Applicability of available data to the commercial aspects of IIP?
3. Plan for and Identification of other IIPTF Issues
4. Review of Request Form for completion prior to March 6 meeting
5. Other Business
6. Adjourn