



North American Energy Standards Board

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via email and posting

TO: NAESB WEQ Inadvertent Interchange Payback Practice Task Force
FROM: Todd Oncken, NAESB Deputy Director
RE: IIPTF Substantive & Tabled Motions
DATE: February 17, 2004

The following is a compilation of *successful substantive motions passed at the IIPTF since September 2004.*

September 15-16, 2003

Mr. Cox moved, seconded by Mr. Goins, as follows: The IIPTF recognizes the discovery phase is largely complete and will begin the drafting phase. Any new discovery material must be approved by this task force through a formal motion. After limited discussion the motion passed with Mr. Illian, Mr. Blohm and Mr. Lively abstaining.

October 6, 2003

Moved by Mr. Terelmes and seconded by Mr. Goins. "The settlement of inadvertent as the IIPTF was tasked will be broken down into four components. 1) Inadvertent energy hourly measurement 2) Frequency hourly measurement 3) Hourly valuation for inadvertent energy 4) Valuation for contribution to frequency deviation. Valuations can be considered positive, negative or zero, and this does not preclude physical payback. The motion passed.

Moved by Mr. Terelmes and seconded by Mr. Illian. "The IIPTF task force recognizes that inadvertent energy and frequency deviation must be measured before it can be valued. However, the measurement of inadvertent energy and frequency deviation lies outside the scope of the IIPTF and will be a task reserved for NERC. The data received from NERC will be a sufficient measurement of inadvertent energy and frequency deviation. The motion passed.

Moved by Mr. Terelmes and seconded by Mr. Blohm. "NERC has agreed to provide inadvertent energy and frequency deviation measurements with hourly granularity. Although payback of inadvertent energy and contribution to frequency deviation shall be performed for each hour, reporting of such hourly information to be used for settlement purposes shall occur at such time intervals as deemed feasible by NERC. The IIPTF will accept the limitation of monthly measurement reporting frequency until such time that technology and NERC allow this data to be reported more frequently." The motion passed.

Moved by Mr. Terelmes and seconded by Mr. Oberski. "In an effort to arrive at a better method for the settlement of inadvertent, the IIPTF will consider only two basic methodologies. 1) Financial settlement for inadvertent 2) Physical settlement of inadvertent. The fact that inadvertent has at least two components, also allows for a combination of the above methodologies. The motion passed.

Moved by Mr. Blohm and seconded by Mr. Illian. "The IIPTF defines a Balancing Authority's Inadvertent Interchange as its Inadvertent Interchange 'with the interconnection.'" The motion passed.



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December 11, 2003

Mr. Illian moved, seconded by Mr. Reed, that “the IIPTF consider the settlement of reactive power to be out of scope with our charge and no longer be included as an issue in our discussion.” Mr. Lively stated this issue should be handled consistently with the handling of inadvertent interchange. Mr. Reed agreed that at some point reactive power should be addressed but at this time the group should move forward by focusing on inadvertent interchange. Upon a procedural vote the motion passed.

Mr. Illian moved, seconded by Mr. Cox, “that the discussion of Time Error is consistent with the issue of Frequency.” Upon a procedural vote the motion passed absent objection.

Mr. Illian moved, seconded by Mr. Blohm that “any methodology unable to represent negative energy prices is incompatible with a reasonable inadvertent settlement methodology, and therefore should be eliminated from discussion.” Upon a procedural vote the motion passed.

Mr. Henry moved, seconded by Mr. Goins that “the IIPTF write a standard that may include an allowance for each interconnection to develop a method that settles inadvertent and corrects frequency error to operate in a manner to compensate for inadvertent in an interconnection’s selected time intervals.” Upon a procedural vote, the motion passed.

January 22-23, 2004

Mr. DiCaprio moved, seconded by Mr. Power, to define ‘Frequency Bandwidth’ as follows – a range of deviation around the interconnection scheduled frequency. Mr. Cox provided the following friendly amendment to the motion, which was adopted by Mr. DiCaprio and Mr. Power: define ‘Frequency Bandwidth’ as follows – a range of deviation around 60 Hz or the interconnection scheduled frequency. The amended motion passed with Mr. Henry opposed.

Mr. Illian moved, seconded by Mr. DiCaprio that the task force commit to having a bandwidth that requires financial settlement outside and no settlement, physical settlement or financial settlement within the bandwidth and work towards a resolution of the internal settlement. Mr. Illian and Mr. DiCaprio amended the motion to read as follows: Settlement outside a frequency bandwidth would be financial. After discussion on the motion, the motion passed with 5 in favor, 2 opposed (Mr. DiCaprio and Mr. Henry) and the rest abstaining.

The following is a compilation of *tabled* motions passed at the IIPTF since September 2004.

October 6, 2003

Mr. Blohm moved, seconded by Mr. Illian: “Whereas IIPTF members cannot be deemed responsible for judging on their own the ultimate economic/market workability of the motions they are voting on, the IIPTF resolved to seek funds from any available government or private source to subject any Standard the IIPTF proposes/agrees on, to rigorous testing at an established economics lab before final adoption by NAESB and submission to FERC.”

Mr. Oberski reiterated his opinion that this motion is premature because the standards do not exist yet. Mr. Goss voiced concerns that requesting funds for testing is not within the scope of this task force. Mr. Terelmes stated the task force needs to decide whether this motion is within the



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scope of this task force or even if NAESB should be responsible for testing these standards. Mr. Terelmes volunteered to discuss NAESB's position on this issue with Ms. McQuade.

Mr. Blohm moved, seconded by Mr. Illian: "Whereas the energy price charged for electricity (a) differs between Balancing Authorities and (b) may or may not reflect congestion but (c) does not reflect the Inadvertent Interchange's contribution to frequency control, the IIPTF resolves that the parties to an Inadvertent Interchange of energy be charged or paid for that energy component of their Inadvertent Interchange at their own prevailing energy price (as determined in a separate motion, such as Motion 10), with any excess or deficit of funds "exchanged" accruing to the Interconnection/clearinghouse as adjustments to an operating fund it manages that is financed on the joint faith and credit of the combined Balancing Authority members of the Interconnection, with any distribution of surplus funds made on a pro-rata basis to all the Balancing Authority members of the Interconnection, such as generation-share, loads share, or NERC-defined "bias" share, as may be determined by the IIPTF in a subsequent motion defining "pro-rata."

Mr. Blohm moved, seconded by Mr. Illian: "Whereas not all Balancing Authorities on an Interconnection have hourly spot markets available to them, the IIPTF resolves that the energy price to be paid or received by a Balancing Authority for the energy component of Inadvertent Interchange during the hour shall be either: (i) "the" hourly spot market price where accessible, or "average" locational price in case of different locational prices within the hourly spot market, otherwise: (ii) the out-of-pocket cost exactly as determined in the FERC Schedule-4 "Balancing Energy" tariff in force inside the Balancing Authority during that hour, but without the 10% penalties in the tariff (that all accrue to the tariff administrator)."

Mr. Green noted the action item for these motions is continued education on the frequency component. Mr. Goss voiced concerns that the following terms contained in motion nine require further definition: "clearing house" and "faith and credit". Mr. Terelmes stated "distribution of surplus funds" needs to be defined as well.

November 3, 2003

Mr. Goins moved, seconded by Mr. Terelmes that the point at which inadvertent interchange ceases to be return-in-kind and becomes a financial settlement be no more stringent than the reliability guidelines established by NERC.

Mr. Terelmes moved, seconded by Mr. Green to table Mr. Goins' motion. The motion was tabled. Mr. Terelmes stated the action items on this tabled motion are the presentations being prepared by Mr. Illian and Mr. Blohm for the next task force meeting.

"The IIPTF task force recognizes that inadvertent energy and frequency deviation must be measured before it can be valued. However, the measurement of inadvertent energy and frequency deviation lies outside the scope of the IIPTF and will be a task reserved for NERC. The data received from NERC will be a sufficient measurement of inadvertent energy and frequency deviation and the current hourly data is deemed sufficient until such time that technology allows this data to be more accurate." Mr. Vandervort voiced concerns about the wording in the last sentence of this motion and suggested the group should modify this motion to replace the word "hourly" with the word "monthly." After extended discussion of this motion, it was decided to modify the motion by striking part of the last sentence. Mr. Terelmes moved,



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seconded by Mr. Goins to modify motion two to read as follows: “The IIPTF task force recognizes that inadvertent energy and frequency deviation must be measured before it can be valued. However, the measurements of inadvertent energy and frequency deviation lies outside the scope of the IIPTF and will be a task reserved for NERC. The data received from NERC will be a sufficient measurement of inadvertent energy and frequency deviation.” The motion passed absent objection.

December 11, 2003

Mr. Lively moved, seconded by Mr. Oberski that “the IIPTF supports a cash-out of inadvertent interchange during each specific time interval by setting a price for that time interval for the difference between actual power flows during that time interval minus scheduled power flows during that time interval. During intervals that violate NERC’s standard for periods of unacceptable surplus, such as unacceptably high frequency, the price may be negative.”

Mr. Green voiced concerns that this motion is premature due to the fact that Mr. DiCaprio will be presenting this method at the next meeting, and he moved, seconded by Mr. Power, to table the motion until the next meeting. The motion passed absent objection.

January 22-23, 2004

Mr. Lively substituted Mr. Power’s tabled motion for his motion 5, as follows: the financial settlement outside a bandwidth would be limited to inadvertent energy and not include a frequency control component. Mr. Goins seconded the motion. On Mr. Terelmes’s request, the motion was amended to read as follows: The financial settlement outside a bandwidth would be limited to inadvertent energy and not include a frequency control component, except that direction of frequency could be used to indicate the good or bad nature of the Inadvertent.

Mr. Oncken interrupted discussion of the motion and the motion was tabled in light of the antitrust violation assertion by Mr. Blohm.