

Inadvertent Interchange Payback Task Force Report

May 7, 2003

Houston, TX

The Inadvertent Interchange Payback Task Force (IIPTF) was created by the Market operation Subcommittee at its January 24, 2003 meeting. The IIPTF 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. A conference call was held on February 13 to discuss this charge and after much discussion of the issue it was determined that a final discussion as to the need for a standard would be made at the February 19, 2003 meeting. If it was determined that a standard was needed the request for a standard form was developed at the February 19, 2003 meeting.

At the February 19, 2003 meeting Bob Goss was elected as Chairman of the IIPTF. It was agreed that inadvertent interchange is a commercial issue and should be addressed with the goal of eventually developing a standards request. The task force's goal would be to have a request ready to be posted by March 3, 2003, reviewed by the MOS at their March 6, 2003 meeting and put on the agenda for the JIC's March 21, 2003 meeting. Discussions were held concerning energy pricing. Then work began to develop a Request for a Standard using the "Request for Initiation of a NAESB Standard for Electronic Business Transactions or Request for Enhancement of a NAESB Standard for Electronic Business Transactions" form. A draft of the form would be completed and posted before the next call on February 27, 2003, at which time the goal will be to finalize the standards request document. The draft document would be presented to the MOS on March 6, 2003 and then forwarded to the NAESB Office. If applicable, the NAESB Office would forward the IIPTF request to the JIC for consideration at the March 21, 2003 JIC meeting.

A conference call was held on February 27, 2003. Participants reviewed the draft standards request form by section. Participants agreed to several language changes. The standards request form was unanimously approved. In anticipation of the JIC sending the request for standard to NAESB and the IIPTF being tasked to develop the standard a conference call was scheduled between March 21 and April 9 to set an agenda for the next meeting on April 9, 2003 in Fort Lauderdale, FL.

A conference call was held on March 31, 2003 to develop an agenda for the April 9, 2003 meeting. The NERC/NAESB Joint Interface Committee reviewed the NAESB Standards Request prepared by the IIPTF and unanimously referred it to NAESB for standards development. The IIPTF identified agenda items to be discussed at the April 9, 2003 IIPTF meeting to begin the development of standards pursuant to the IIPTF standards request. A preliminary list of IIPTF issues was developed. The following issues were identified: market penetration; market energy pricing available for each market;

transmission pricing available for each market; progress on seams issues on each interconnection; status of inadvertent accounting on each interconnection; status of data and dispute resolution and how frequency control is valued on each interconnection; settling procedures; market modeling and testing; pricing; data issues; and agency issues.

A meeting was held on April 9, 2003 in Fort Lauderdale, FL. The IIPTF used the time as a brainstorming time to list issues to put on the agenda for discussion at the next meeting. Participants listed the following issues:

- pricing the inadvertent
- data integrity
- consistency of NAESB inadvertent standards with reliability standards
- agency (who manages the infrastructure)
- frequency
- inadvertent not a problem within RTO and ISO
- seams between RTOs and ISOs are settled with energy in kind (will be discussed)
- inadvertent due to schedule mismatch
- inadvertent due to interconnection support
- inadvertent due to scheduling errors of others
- the inadvertent issue discussed in this task force is control area to interconnection (not within the control area)

The task force then separated these issues into categories identifying the areas the IIPTF will discuss, areas other task forces or subcommittees may need to discuss, and areas NERC might address. It was also noted there may be issues that need to be addressed by both NERC and NAESB.

- pricing – within scope of IIPTF
- data integrity – within scope of IIPTF
- consistency of standards – shared (IIPTF and another NAESB task force or subcommittee)
- agency (who manages the infrastructure) – (low priority) outside this task force
- frequency – within scope of IIPTF
- inadvertent not a problem within RTO and ISO – within scope of IIPTF
- generator imbalance – not this task force

The following dates were set for upcoming meetings: April 29 in Houston 9:00 a.m. – 4:00 p.m. Central and May 8 in Houston 9:00 a.m. – 4:00 p.m. Central.

A meeting was held in Houston on April 29, 2003, the agenda was to discuss IIPTF issues listed during the April 9, 2003 meeting.

Pricing: Discussions were held on the ECAR tariff on inadvertent. It was suggested the tariff be used as a base for IIPTF efforts. After discussions the IIPTF did not agree to use the ECAR Tariff as a base, but agreed to the following statement “Our (IIPTF) purpose is

to develop a monetary method to compensate for all dependency or benevolence to the system for economic reasons.”

Discussions continued on pricing and it was agreed that the party causing the inadvertent interchange should not have control over the settlement price. The counter party should always control the settlement price. Howard Illian agreed to draft a proposal, including examples, for discussion at our next meeting. The IIPTF agreed to review the white paper at the next meeting.

Data Integrity: NERC has a process for determining the inadvertent interchange numbers. The IIPTF should accept those numbers and apply the price matrix developed. If this is the case Data integrity was not within scope. All did not agree to this and a decision on this issue was deferred.

Consistency of Standards: It was agreed that the monitoring of consistency of standards between NERC and NAESB was shared between the IIPTF and the NAESB Standards Review Subcommittee.

Agency: The task force found agency, defined as who manages the infrastructure, is outside the scope of the IIPTF or at least a low priority. The task of the IIPTF is to develop a standard, and implementation of the standard would be developed separately.

Frequency: The IIPTF found frequency to be within scope. It was agreed to first review whether pricing the energy was sufficient prior to examining the frequency component.

Inadvertent not a problem within a RTO or ISO: the IIPTF generally agreed that inadvertent was not an issue within a RTO or ISO.

It was agreed to add an additional issue. The issue was titled Settlements. This was to discuss issues where energy sales might be restricted due to laws, credit issues, etc.

It was clarified that the IIPTF would develop a standard that would be submitted to the Market Operation Subcommittee, not a white paper or report.

It was also noted that the minutes were the official record of the IIPTF.

The next meeting will be held at the NAESB offices in Houston, TX on May 8, 2003 from 9:00 AM to 4:00 PM.