



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

**NERC-NAESB-ISO/RTO Council Joint Interface Committee Meeting
September 19, 2003
ERCOT Offices – Austin, Texas
8 am to noon
Draft Meeting Minutes**

Attendance

NAESB Representatives

Syd Berwager
Steve Corneli
Michael Desselle
Dave McMillan
Charles Yeung
Ed Davis (alt)
Andy Dotterweich (alt)
Jim Templeton (alt)
Mary Ellen Paravalos
Bob Goss (alt) (phone)

NERC Representatives

Ricky Bittle
Mark Fidrych
Wally Johnson
Sam Jones
Ed Schwerdt
Ron Threlkeld
Linda Campbell (phone) (alt)

IRC Representatives

Karl Tammar
Jim Detmers
Bill Limbrick
Bruce Balmat (phone)
Kent Saathoff

Other

Tim Gallagher – Secretary
Joelle Ogg – Anti-trust Counsel

Guests

Bill Boswell - NAESB
Don Benjamin – NERC
Glenn Ross – NERC Planning Committee
Chair
Rae McQuade - NAESB
Todd Oncken - NAESB

1. All present and those attending via teleconference were introduced. Transcripts of JIC meetings will be kept and a transcriber attended this meeting.

2. The agenda was unanimously approved. Joelle Ogg, of counsel with John & Hengerer, served as anti-trust counsel for this meeting and reviewed the anti-trust guidelines. A quorum was established for NAESB, NERC and ISO/RTO Council (IRC) members.
3. Michael Desselle reviewed the role of the JIC and its voting procedures. Each contingent of the JIC receives an equal share of the vote, divided by the number of representatives present. Since a quorum was established for all three JIC contingents at this meeting, each received one-third of the vote.
4. Rae McQuade presented an overview of a proposed business practice standard received by NAESB to coordinate interchange. The intent of this proposed standard is to complement the reliability standard being developed by NERC. The NAESB and NERC drafting teams are in discussions to make sure the efforts are coordinated.

Motion: (Syd Berwager, Jim Templeton second): Assign the Coordinate Interchange business practice standard to NAESB for standards development.

Discussion:

Wally Johnson stated that he fully supports this effort, but is concerned about the tone in the proposal document. He believes that it could be inferred that the two drafting teams will get together and decide which items each will develop. Wally pointed out that NERC team is governed by its SAR and cannot deviate from it. .

Rae McQuade stated that much of the language in the NAESB proposal was taken from the NERC SAR and asked Wally Johnson if he could offer any suggested changes that will improve the request. Wally agreed to review the proposal further and offer any suggestions he might have.

Vote:

IRC – Unanimous approval of Mr. Berwager’s motion

NAESB – Unanimous approval of Mr. Berwager’s motion

NERC - Unanimous approval of Mr. Berwager’s motion

5. Charles Yeung presented an overview of a proposed business practice standard received by NAESB to operate within interconnected reliability operating limits. The intent of this proposed standard is to complement the reliability standard being developed by NERC. The purpose of the NAESB proposal is to facilitate equitable curtailment and reloading of market transactions to implement tariff transmission service priorities. The proposal consciously avoids trying to prescribe the requisite mechanisms, in order to allow for alternative business solutions. The proposal includes a number of questions for the NERC drafting team in order to help NAESB formulate needed business practices.

Motion: (Charles Yeung, Mark Fidrych second): Assign the Operate Within Interconnected Reliability Operating Limits business practice standard to NAESB for standards development.

Discussion:

Wally Johnson again reminded all present that NERC standard drafting teams must obtain industry consensus before they can make any changes to the standard and cannot make separate agreements with the NAESB drafting team outside the NERC process.

Bill Boswell suggests that NERC and NAESB jointly develop definitions used in common standards.

Tim Gallagher informed the JIC that NERC drafting team is getting close to balloting the NERC standard for industry approval.

Vote:

IRC – Unanimous approval of Mr. Yeung’s motion

NAESB – Unanimous approval of Mr. Yeung’s motion

NERC - Unanimous approval of Mr. Yeung’s motion

6. Rae McQuade presented an overview of a proposed business practice standard received by NAESB to develop public key infrastructure (PKI). The intent of this proposed standard is to complement NERC’s PKI efforts. NAESB representatives have been working with the NERC PKI team and this proposal was an outcome of that effort. As PKI is implemented for reliability activities, is desirable for the industry to avoid requiring a separate system for market systems, hence this proposal. Some discussions internal to NAESB have occurred as to whether this should be adopted in other NAESB quadrants.

Motion: (Steve Corneli, Dave McMillan second): Assign the PKI business practice standard to NAESB for standards development.

Discussion:

Tim Gallagher stated that this proposal reflects NERC and NAESB coordination at its best and applauded those involved.

Vote:

IRC – Unanimous approval of Mr. Corneli’s motion

NAESB – Unanimous approval of Mr. Corneli’s motion

NERC - Unanimous approval of Mr. Corneli’s motion

7. Ricky Bittle and Pat Everly presented an overview of four certification reliability standards received by NERC. The four standards are intended to provide the certification requirements for entities identified in the functional model (reliability authority, balancing authority, interchange authority and transmission operator). Some business practices were identified by industry commenters and removed from the proposal during the drafting of the request. An inadvertent energy payback process is an example of one of the business practices. The functional model is the foundation of NERC's standards and it is important that entities that will be held accountable to the standards be certified.

Motion: (Mark Fidrych, Steve Corneli second): Assign the four certification reliability standards to NERC for standards development.

Discussion:

Charles Yeung expressed concern regarding the footprint of reliability authorities how RA-RA coordination will occur. Mr. Yeung feels that the certification procedures do not address these issues.

Pat Everly and Wally Johnson stated that the functional model does address footprints and boundaries somewhat. The intent of these standards, however, is only to verify that the entities wishing to perform the functions have the necessary tools, training and personnel the functions. The standards are not intended to establish RA footprints.

Ricky Bittle pointed out that there is a separate standard being written ('coordinate operations') that will require coordination of RA activities.

Charles Yeung questioned whether there is a tariff or market design component in these standards. Specifically, are contractual requirements between entities and say, a potential balancing authority, included in the standards?

Pat Everly replied that the standards do refer to agreements, but do not specifically use the term "contracts" in deference to organizations that will handle multiple functions internally.

Dave McMillan believes that in addition to the certification of competency to perform the functions, the industry also needs to have requirements or a least a review of how this all fits together and how the relationships between an RA and others will be developed, for instance. Dave suggests that NERC provide more information regarding how agreements will be reached and give NAESB the opportunity to review for any potential business impacts.

Sam Jones informed the JIC that there are both Regional and NERC requirements for reliability coordinator plans. These plans will be reviewed to ensure that all entities in the Region are covered.

Charles Yeung remained concerned about FERC approvals versus NERC certification and asks that this be monitored. Ricky Bittle will direct the standard drafting team to inform NAESB of any business practice issues they encounter.

Vote:

IRC – Unanimous approval of Mr. Fidrych’s motion

NAESB – Unanimous approval of Mr. Fidrych’s motion

NERC - Unanimous approval of Mr. Fidrych’s motion

8. Michael Desselle summarized the informal session the JIC held on September 18. The purpose of the meeting was to share draft 2004 annual plans for standards development and to discuss how best to coordinate among the three organizations. The consensus of the meeting participants was that further work is needed on coordination proposals. In addition, the initial review of the draft annual plans yielded that the plans are in synch. Mr. Desselle stated that there are no specific next steps at this time, other than a request for each JIC member to review the draft annual plans and offer any input they may have.

Steve Corneli, Don Benjamin and Karl Tammar will work to distill key concepts from the work they have done towards NAESB-NERC-IRC coordination to date and share this with the JIC and other involved organizations.

9. No immediate need was identified for holding another face-to-face meeting in the near future. Instead, conference calls were tentatively scheduled for October 17 at noon ET and December 19 at noon ET. The JIC co-chairs will decide if each call is necessary as the call date approaches.