

**Request for Initiation of a NAESB Standard for Business Transactions or
Request for Enhancement of a NAESB Standard for Business Transactions
July 10, 2003**

R03017

North American Energy Standards Board

**Request for Initiation of a NAESB Standard for Business Transactions
or
Enhancement of an Existing NAESB Standard for Business Transactions**

Instructions:

- 1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**

- 2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**

- 3. Once completed, send your request to:
Rae McQuade
NAESB, Executive Director
1301 Fannin, Suite 2350
Houston, TX 77002

Phone: 713-356-0060
Fax: 713-356-0067**

by either mail, fax, or to NAESB's email address, naesb@aol.com.

Once received, the request will be routed to the appropriate subcommittees for review.

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OPERATE WITHIN LIMITS BUSINESS STANDARDS

North American Energy Standards Board

**Request for Initiation of a NAESB Standard for Business Transactions
or
Enhancement of an Existing NAESB Standard for Business Transactions**

Date of Request: July 10, 2003

1. Submitting Entity & Address:

Standards Review Subcommittee Members

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Charles Yeung	Director, Business Standards, Reliant Energy Services, Inc. NAESB WEQ Executive Committee Member and Co-Chair of the WEQ Standards Review Subcommittee
Work:	713-497-2935
Fax:	713-207-9172
E-Mail:	cyeung@reliant.com
Address:	P.O. Box 286 Houston, TX 77001-0286

3. Description of Proposed Standard or Enhancement:

Provide complementary business practice standards to support the Operate Within Interconnection Reliability Operating Limits standard being developed by the North American Electric Reliability Council. Business practices, particularly practices for transaction curtailments, may be needed to support the reliability standards being developed to prevent instability, uncontrolled separation or cascading outages that adversely impact the reliability of the bulk transmission system.

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- 4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):**

The commercial purpose for the NAESB business standard is to facilitate equitable curtailment and reloading of market transactions and to implement tariff transmission service priorities when such actions are needed from the marketplace. The commercial standard should accommodate such actions for either commercial or reliability purposes.

- 5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:**

Clearly it is important to coordinate reliability standards development with any relevant business practice standards. Specific market based proposed standards were not included in the scope of the proposed Operate Within Interconnection Reliability Operating Limits standard.

- 6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:**

Reliability systems used to coordinate reliability analysis and to coordinate transactions may be impacted.

- 7. Description of Any Specific Legal or Other Considerations:**

FERC or other regulatory requirements must be considered.

- 8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):**

N/A

- 9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:**

N/A

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- 10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):**

See NERC standard "Operate Within Interconnection Reliability Operating Limits, v. 2" attached as Attachment A.

Scope Document
For
Operate Within Interconnection Reliability Operating Limits

NAESB WEQ Executive Committee
Standards Review Subcommittee
September 9, 2003
NAESB Standard Request # R03017

Introduction

The North American Electric Reliability Council has sought to establish an industry standard for establishing requirements for the operation of the interconnected bulk power system within specified operating limits. NAESB's Standards Review Subcommittee seeks to evaluate the need for establishing standard business practices to complement the reliability requirements set forth by NERC.

NERC Proposed Standard and date:

- 200 – Operate Within Interconnection Reliability Operating Limits, July 1, 2003
- 201 - Interconnection Reliability Operating Limit Identification, July 1, 2003
- 202 – Monitoring, July 1, 2003
- 203 – Analyses and Assessments, July 1, 2003
- 204 –Actions, July 1, 2003
- 205 – Data Specification & Collection, July 1, 2003
- 206 – Data Provision, July 1, 2003
- 207 – Action Plan, July 1, 2003
- 208 – Reliability Authority Directives, July 1, 2003

Purpose of NERC Operate Within Interconnection Reliability Operating Limits Standard

The proposed NERC Reliability standard seeks to prevent instability, uncontrolled separation, or cascading outages that adversely impact the reliability of the bulk transmission system.

This NERC standard will address the following areas:

- Identification of system operating limits.
- Monitoring of the system for operating limits.
- Analyze and assess system conditions based on monitored system limits.
- Specify data and collection needed for monitoring system limits.
- Action plan utilized by operators to maintain operations within system limits.
- Requirements apply to entities performing various electric system functions, as defined in the NERC Functional Model.

Items for a Companion Business Practice Standard

The Standards Review Subcommittee has identified the need for a NAESB Business Practice Standard that allows for regional differences and includes the following:

- Practices for management of system operating limit relief and reloading including:
 - Timing
 - Priority
 - Magnitude
 - Duration
 -
- Practices for system operating limit relief and reloading processes including:
 - Types of methodologies used
 - Informing parties of the reloads and the methodologies used
 - Affected Parties communicating their agreement on the reloads.

The NERC proposed standard impacts the following NAESB activities/standards:

- Coordinate Interchange Business Practices
- Coordinate Operations Business Practices

Issues for consideration by NAESB during business practice standard development:

The NERC proposed standard raises the following possible business practice concerns and questions to the NAESB Executive Committee:

NERC requires that the operators of the bulk transmission system have in place procedures to effectively manage transactions in the event of overload on the system. These procedures may impact tariff service priorities and affect commercial market transactions that transpire both within and between markets.

Standard Terminology will be developed by the NAESB and NERC drafting teams. Within the Wholesale Electric Quadrant of NAESB, the NAESB drafting teams will use similar definitions where the definitions are appropriate. Where NERC definitions are appropriate, NAESB will seek to use them.

Developing business practices for curtailment processes may entail that all transactions are tagged.

There are questions on whether the development will be focused on North American standard, a standard encompassing regional differences, or if the standard will be primarily a communication standard to be applicable on a North American basis.

Regarding the list of facilities subject to the interconnection reliability operational limits, will this list be the only set of facilities employed by both NERC for reliability requirements as well as a NAESB Business Practice Standard?

Other issues to be addressed during business practice standard development:

1. Will the NERC OWL drafting team prepare standards for the development and communication of the list of facilities that are subject to the interconnection reliability operational limits? Should this list be the only set of facilities employed by both NERC for reliability requirements as well as a NAESB Business Practice Standard?

2. Will the NERC OWL team develop standards for the notification of curtailments? Between which functional entities?
3. Similarly, will the NERC OWL drafting team be asked to develop standards for the notification of reloading?
4. Does NERC expect NAESB to develop complementary OWL standards that are focused on North American standard, a standard encompassing regional differences, or if the standard will be primarily a communication standard to be applicable on a North American basis.

Comments Received by September 10, 2003:

No comments received on September 10, 2003.