



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

TO: NAESB Wholesale Electric Quadrant, Posting for Interested Industry Participants
FROM: Todd Oncken, NAESB Deputy Director
RE: NAESB Wholesale Electric Quadrant Seams Task Force Meeting Minutes – July 8, 2003
DATE: July 16, 2003

**Wholesale Electric Quadrant
Seams Task Force
July 8, 2003, 10:00 a.m. to 3:00 p.m. Mountain
Final Minutes**

1. Welcome

Mr. Cobb called the meeting to order, welcomed meeting participants, and thanked El Paso Western Pipelines for hosting the meeting. Mr. Oncken gave the antitrust advice. Participants introduced themselves.

Mr. Cobb generally reviewed the draft agenda and the task facing the Seams Task Force. It was noted that while NAESB standards development efforts will focus on commercial seams, the initial seams cataloging effort should identify all seams issues.

2. Draft Agenda and Draft Minutes

Participants discussed the draft agenda. A discussion of activities of the ISO/RTO Council (IRC) was added to item 6. Mr. Fidrych moved to adopt the agenda as modified. The modified agenda was adopted by consensus.

Mr. Desselle moved, seconded by Mr. Cox, to approve the draft minutes of the April 28, 2003 Seams Task Force, as drafted. The motion passed unanimously.

3. Finalize Seams Definition

Participants discussed the following definition of seams issues, as provided in the report given by Mr. Charles King of NYISO at the April Executive Committee meeting:

Seams Issues are barriers and inefficiencies resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other control area practices which inhibit or preclude the ability to transact capacity and energy across control area boundaries.

It was noted the definition would guide the task force in determining the content of the seams matrix. Mr. Desselle noted NAESB's work on seams originated through the FERC April white paper on Wholesale Market Platform, and its recognition that efficiencies could be gained by addressing the issue of differences in the RTO and ISO market structures. He said the definition should be modified to reflect that purpose.

Participants generally discussed the definition and proposed various language changes. Concern was expressed about the reference to equipment limitations and the breadth of the definition, including whether seams were limited to the ISOs/RTOs or whether seams could occur in traditional markets. Three kinds of seams were identified from Mr. King's presentation: spatial, temporal, and administrative. Mr. Corneli suggested the definition of seams issues should be broad and incorporate discussion of barriers to transactions between different market places and transaction environments.



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Mr. Corneli moved, seconded by Mr. Fidrych, the following definition: *Seams Issues are barriers and inefficiencies resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other regional practices which inhibit or preclude the ability to transact capacity and energy across ISO/RTO boundaries.* During discussion on the motion, Mr. Corneli noted non-market to non-market seams would not be covered by the definition. Mr. Mosher suggested the definition be more expansive to include market area, transmission service area, and control area boundaries. It was noted this change would significantly change the scope of the proposed definition. It was suggested focus for the Seams Task Force would be evidenced through the prioritization of items in the seams issues matrix.

Mr. Mosher moved, seconded by Mr. Rodriguez, to amend Mr. Corneli's motion to read as follows: *Seams Issues are barriers and inefficiencies resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other regional and control area practices which inhibit or preclude the ability to transact capacity and energy across market area, transmission service area and control area boundaries.* Participants discussed the amended motion. Mr. Corneli did not view the amendment as friendly due to its inclusion of difficulties in transacting in a completely non-RTO market as a seam. In contrast, Mr. Reed stated the inclusion of the non-market areas in the definition of seams issues is appropriate. Ms. Wicks agreed and noted the definition should be suitable to address the issues in emerging markets as well as existing markets.

Mr. Cobb reread the amended motion and the vote was taken. The motion failed with 4 in favor, 16 opposed, and 3 abstaining.

Mr. Rossignoli moved, seconded by Mr. Fidrych, to amend Mr. Corneli's motion to read as follows: *Seams Issues are barriers and inefficiencies resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other regional practices which inhibit or preclude the ability to transact capacity and/or energy.* During discussion Mr. Corneli noted he would view this as a friendly amendment to his motion. Mr. Desselle stated the proposed definition, as amended, was overly broad. Mr. Berwager commented the proposed definition was troublesome in that it made no reference to a geographic designation.

Mr. Cobb reread the motion and the vote was taken. The motion passed with 13 in favor, 2 opposed, and 7 abstaining. Mr. Corneli suggested a probable reason for the abstentions was the breadth of the definition.

Ms. Monteith moved, seconded by Mr. Rana, to revise the definition to read as follows: *Seams Issues are barriers and inefficiencies between RTOs, ISOs and non-RTO/ISO areas, resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other regional practices which inhibit or preclude the ability to transact capacity and/or energy.* Mr. Cobb reread the motion and the vote was taken. The motion passed with 26 votes in favor, none opposed, and 4 abstaining.

4. Establish Short and Long Term Task Force Goals

The following short term goal (shorter than six months) was identified during the meeting: create the seams issues matrix (catalog). The following long term goals (longer than six months) were identified: prioritize matrix entries; recommend standards for development and approval. Participants discussed each of the goals. Mr. Cobb noted the areas identified for standardization would be forwarded to the Executive Committee for assignment, possibly back to the Seams Task Force, and would likely appear as items on the 2004 Wholesale Electric Quadrant Annual Plan.



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5. Review Seams Catalog Template Prototype

Mr. Cox prepared a draft Seams Issues Matrix template for discussion. Mr. Cox reviewed the template. Suggested modifications included numbering the seams issues and identifying the party submitting the issue. The revised matrix will be posted to the NAESB website in excel format.

6. Identify Designated Representatives from Regions/RTOs/Market Participants

Mr. Tammar reviewed the activities of the IRC. He stated the IRC intends to coordinate efforts with the other NERC/NAESB/IRC Memorandum of Understanding signatories and exchange information as work of the groups progresses. He noted he would be the lead for the IRC's participation in NAESB's seams efforts. Additionally, he stated the meeting being held in Denver between ISO/RTO representatives and the emerging RTOs in the West was not an IRC sponsored event. Rather, he said it was a meeting recommended by the FERC. He noted the agenda for the Denver meeting was rather broad, and discussions were expected to parallel today's discussions on seams issues. He said the two meetings were not at cross purposes.

It was suggested representatives from different regional areas be identified to complete the seams issues matrix from their market and regional perspective. It was decided that while the seams issues matrix could, and should, be completed by any interested market participant, identifying the regional representatives would provide a reasonable basis for the initial cataloging efforts. Concern was stated about duplication of efforts and sufficiency of debate on the seams issues, but it was noted duplication of seams issues in the initial catalog could be beneficial to demonstrate areas where seams were most significant, thus assisting with the prioritization of identified items. Also, it was noted the previous ESC work product could serve to provide historical perspective for the matrix, but relying solely on the conclusions reached in the ESC work was unadvisable given the document's completion date. The following representatives were identified:

ISO-RTO Council	Karl Tammar ktammar@nyiso.com	As the ISO-RTO Council representative for NAESB activities, Karl Tammar will provide information from the IRC member ISO perspective, or coordinate a response from the IRC member ISOs/RTOs.
Eastern Region	Raj Rana Raj_rana@aep.com	AEP
New England	Joe Rossignoli Joseph.rossignoli@us.ngrid.com	National Grid
PJM	Jeff Mueller/Laura Mans Jeffrey.mueller@pseg.com	PSE&G
Southeast	Tony Reed tareed@southernco.com	Southern Company
	Ed Davis edavis@entergy.com	Entergy
NYISO Market Participant	Marjorie Perlman Marjorie_perlman@rge.com	Energy East Management Corp.
MISO		
West, SSGwi	Syd Berwager sdberwager@bpa.gov	Bonneville Power Administration
West, Cal ISO	Dave Hawkins	California ISO



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dhawkines@caiso.com

West, RTO West	Syd Berwager	Bonneville Power Administration
West, West Connect	Steve Cobb sccobb@srpnet.com	SRP
SPP	Raj Rana	AEP
ERCOT	Raj Rana	AEP
Canada, Ontario	Barry Green Barry.green@opg.com	Ontario Power Generation
Canada, Quebec	Victor Bissonette Bissonnette.victor@hydro.qc.ca	Hydro Quebec Transenergie

7. Overview of Current Seams Mitigation Efforts

Mr. Tammar reviewed the report provided by Mr. Charles King of NYISO at the April Executive Committee meeting as an overview of seams mitigation efforts in the East. He noted that while most of the slides centered on issues in the Northeast, those issues were likely relevant to other parts of the country as well. Mr. Tammar noted the IRC is in its formative stages and has not had the opportunity to address the seams issues, but is beginning to have those discussions. Mr. Tammar reflected that during formation, the emerging ISOs and RTOs were focused inward developing the necessary systems to support the organizations. He said after the ISO or RTO was formed, it could look to its neighbors and begin to work on seams issues. Mr. Tammar stated that the formation of the IRC and NAESB's work on seams issues allows ISOs and RTOs to work to find solutions to seams issues. He suggested initial progress could be made by benchmarking seams issues that have been solved, and applying those solutions to seams in different parts of the country. Further, he suggested each seams issue, once identified, should be evaluated independently. He noted several projects relating to seams issues are under development in the Northeast.

Mr. Hawkins and Mr. Berwager reported on the West. Mr. Berwager briefly discussed the SSGwi initiative. He explained SSGwi is aimed at trying to avoid seams before they occur, and noted there is one ISO operating and two RTOs in development in the West. Mr. Berwager said each entity is steadfast in its initiatives to develop a separate market design. However, he said the goal of SSGwi would be for each of the markets to be somewhat invisible. He noted five SSGwi working groups have been developed. Mr. Hawkins concurred the goal of the West in developing its emerging market structures is to create a large virtual market area that is as seamless as possible. He noted one issue the West is facing is that the ISOs and RTOs are at different stages of development. Additionally, he identified the following as potential issues facing the West: scheduling; market closing times; the existence of hourly markets in light of the reliance on wind generation; and the operating reserve requirements for markets with hydro and steam generation. He noted that while the alternative resource issues might be particular to the West currently, they could likely become an issue for the Midwest.

Participants discussed the value of NAESB's participation in seams resolution efforts. Mr. Berwager suggested that as the markets evolve in the West, some of the issues viewed as seams might be resolved. Nevertheless, participants agreed NAESB bringing the parties together to discuss the issues is worthwhile. Mr. Tammar stated the IRC views the NAESB work on seams issues as very important. Further, since work on seams issues is just beginning, he said the cataloging effort was reasonable since identification of issues is a predicate to standardization. Mr. Corneli encouraged ISO and RTO representatives to consider the value the NAESB process could provide beyond the



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cataloging effort. It was noted the development of business rules to solve some of the seams issues would lead to efficiencies and better software solutions.

Mr. Cobb noted the applicability and impact of any proposed seams business standards is dependent on the willingness of ISOs and RTOs to change their tariffs to apply the standards. Mr. Hawkins noted the CallISO tariff has been changed many times. Additionally, Mr. Tammar stated that not every standard developed by NAESB would require a tariff change.

8. Develop Seams Catalog Compilation Plan

Participants generally discussed potential seams issues. It was suggested that seams relating to common market interfaces, including both regional and business practices, would be a focus for NAESB business standards development. Mr. Cobb noted the FERC has embraced the concept of regional differences in market design. For example, he stated ERCOT's rules might be different from the East and West, but all are accepted practices. Mr. Corneli stated he viewed common market interface as a common interface between two or more markets, where a merchant function can take energy from one market and move it to another market. He said issues could be the interface itself, such as website design, and the business practices and regional rules that might be different which support the interface.

It was noted there is a dichotomy between the breadth of the standards NAESB would develop and the content of the seams matrix. Participants agreed submissions to the seams matrix would not be limited to market interfaces, and submitters should feel free to submit any seams issues they identify.

Participants developed the following timeline for completion of the Seams Issues Matrix:

- September 15: Deadline to submit information to be included in the matrix. The matrix will be compiled and posted weekly prior to the completion date.
- September 30: Compiled and edited document completed and posted for comments. The edits will eliminate duplicates and present the information in a cohesive package.
- Mid-October: Seams Task Force meeting to review compiled matrix and submitted comments, if applicable, and begin discussion of prioritization.
- November 24: Finalized matrix posted for industry comment prior to WEQ Executive Committee consideration.
- December 8: Presentation to WEQ Executive Committee. Likely actions include considering the document for annual planning purposes and approval and review of completed matrix.

9. Other Business

No other business was discussed.

10. Future Meetings

The Seams Task Force will meet in mid-October to review the compiled seams issues matrix and prioritize matrix items.

11. Adjourn

Mr. Cobb adjourned the meeting at 2:30 p.m. Mountain.



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12. Meeting Attendees

Name	Company	Notes
Syd Berwager	Bonneville Power Admin.	Phone
Victor Bissonnette	Hydro-Quebec Transenergie	In Person
W. Shannon Black	Sacramento Municipal Utility District	In Person
Robert Blohm	Consulting Economist	In Person
Bill Boswell	McGuire Woods, LLP	Phone
Patty Calegka	NY Light & Gas Co.	Phone
Regina Carrado	Exelon Generation	Phone
Steve Cobb	Salt River Project	In Person/Co-chair
Steve Corneli	NRG Energy	In Person
Phil Cox	AEP	In Person
Ed Davis	Entergy	Phone
Michael Desselle	AEP	In Person
Mark Fidrych	WAPA	In Person
Barry Green	Ontario Power Generation	In Person
David Hawkins	California ISO	In Person
Paul Hicks	Progress Energy	Phone
Linda Horn	WE Energies	Phone
Ryan Hoshar	El Paso Corp.	In Person
Howard Illian	Energy Mark	In Person
Gary Jackson	Tennessee Valley Authority	Phone
Alan Johnson	Mirant	In Person
Eurda Kar	WI. Public Service Corp.	Phone
Ira Kendrick	Consumers Energy	Phone
Dan Klempel	Basin Electric	In Person
Melissa Lauderdale	Edison Electric Institute	Phone
Barry Lawson	NRECA	In Person
Bill Lohrman	NERC	In Person
Rae McQuade	NAESB Executive Director	In Person/Admin.
David McRee	Duke Power	Phone
Greg Maxfield	PacifiCorp	Phone
Sherri Monteith	AEP	In Person
Alan Mosher	American Public Power Association	Phone
Jeff Mueller	PSE&G	In Person
Lou Oberski	Dominion	In Person
Todd Oncken	NAESB Deputy Director	In Person/Admin.
Marjorie Perlman	Energy East Management Corp.	Phone
Raj Rana	AEP	In Person
Tony Reed	Southern Company	In Person
Barbara Rehman	Bonneville Power Admin.	Phone
Lisa Roberts	Defense Energy Support Center	Phone
Andy Rodriguez	PJM	Phone
Glen Ross	Dominion	Phone
Joe Rossignoli	National Grid	In Person/Co-chair
William Smith	Allegheny Power	Phone
Karl Tammar	New York ISO	In Person
Joe Taylor	Tri-State G&T	In Person
Steve Terelmes	Ameren	In Person
Tonya Wicks	Edison Electric Institute	In Person