



North American Energy Standards Board

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TO: NAESB Wholesale Electric Quadrant Seams Subcommittee, Posting for Interested Industry Participants
FROM: James Cargas, NAESB Deputy Director
RE: Final Minutes from the NAESB Wholesale Electric Quadrant Seams Subcommittee Meeting on November 4, 2003
DATE: November 7, 2003

**NAESB Wholesale Electric Quadrant Seams Subcommittee
Houston, Texas – NAESB Offices
November 4, 2003 (9:00am – 4:00pm CST)
Final Minutes**

1. Administrative

Mr. Steve Cobb called the meeting to order. Mr. James Cargas gave the antitrust advice. Participants introduced themselves. Mr. Cobb reviewed the draft agenda. The agenda was adopted by consent. Mr. Cobb reviewed the draft minutes from the Subcommittee's July 8, 2003 meeting, and the draft minutes from the October 23, 2003 conference call among individuals submitting issues to the seams catalog. Both minutes were adopted by consent.

2. Review of "Seams" Definition and Matrix Columns

As a reminder, Mr. Cobb reviewed the definition of a "Seam" adopted by the Subcommittee at the July 8 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."

This definition would continue to guide the Subcommittee as it reviews submissions and decides whether to keep, amend or delete an issue. A discussion of the various categories of seams from ISO/RTO Council representative Mr. Karl Tammar was deferred until the end of the meeting.

3. Presentation of Straw Man Catalog and Consideration of Amendments

Unless noted otherwise, the group agreed by consensus that the issues were germane and should be retained on the catalog matrix in their current form.

a. Seams Issues Submitted by Phil Cox, AEP

Mr. Cox, who was not present, submitted the following seams issues:

- 1 Non Standard Time Zone – Mr. Cobb noted that this issue was on the WEQ annual plan last year, and was deferred for the future.
- 2 MaxGen/MaxLoad 345Kv Line – Mr. Cobb and others concluded this was really a TTC issue, but concluded that further clarification was needed from Mr. Cox.

b. Seams Issues Submitted by Lou Oberski, Dominion Energy

Mr. Oberski noted that issues 3-5 were from the Wholesale Electric Quadrant (WEQ) annual plan, but were deferred by the Executive Committee (EC) for the future. Those issues are:

- 3 Definition & treatment of Firm/nonfirm Power.



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- 4 Definition & treatment of Firm/nonfirm Transmission.
- 5 Provision of reserves across multiple control areas.

Mr. Oberski anticipates issues 3 and 4 being assigned to the WEQ Glossary Subcommittee Chaired by Tony Reed. The group noted that there are specific reserve requirements in some areas impacting issue #5. Mr. Lively offered to forward an article he authored on the topic, entitled "Forcing Reserves to Compete with a Physical Market." He requested that the article be posted on the NAESB web site.

c. Seams Issues Submitted by Steven Cobb, Salt River Project

- 6 Transmission Access – Mr. Cobb noted that this issue may be of greater concern to marketers, and that the Electronic Scheduling Subcommittee (ESS) is already working on the issue.
- 7 Market Price Information – Mr. Cobb noted that "Natural Gas Intelligence" withdrew its request before NAESB on this issue.
- 8 Scheduling – Mr. Cobb clarified that this was either interchange or transaction scheduling, and that it could apply nationally or regionally.
- 9 Transmission Calculations – Mr. Reed noted that the Interventant Interchange Payback Task Force (IIPTF) is working on similar issues. Mr. Goss stated that IIPTF is really only addressing issue #14, compensation. Mr. Green said that this is the loop flow.
- 10 Energy Products – Mr. Cobb noted that standardization of products appears frequently in the catalog.
- 11 Market Oversight – The group felt that more policy guidance from the Federal Energy Regulatory Commission (FERC) was necessary before NAESB took on this issue. This issue will likely be placed on hold.
- 12 Interchange/Intrachange Scheduling Data Exchange – It was noted that the West is currently providing metering data into a single database for exchange. This issue, if sent to NAESB, could be handled by ESS.

d. Seams Issues Submitted by Mark Lively, Lively Utility

By consensus, the group agreed that issues #14-16 were subsets of issue #13. Mr. Lively made the following observations with regards to his issues:

- 13 Compensation for Unscheduled Flows of Electricity – Mr. Lively believes that fees will encourage more efficient scheduling.
- 14 Compensation for Inadvertent Interchange – Mr. Lively noted that this issue is being addressed by IIPTF.
- 15 Compensation for Loop Flow.
- 16 Compensation for Reactive Power – The group also agreed that issue #16 could be divided between its current category, Ancillary Services Market Standardization, and the Transmission Service category. Mr. Lively noted that the IIPTF is looking at whether this issue falls within its scope.

e. Seams Issues Submitted by Victor Bissonnette, Hydro Quebec TransÉnergie

Mr. Bissonnette agreed to the suggestion that the following issue be combined since they are similar just with different parties:



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17 TTC-ATC calculation/posting.

18 TTC-ATC calculation/posting.

19 TTC-ATC calculation/posting.

Mr. Bissonnette also agreed that the following issues, which focus more on engineering aspects, could be combined:

20 TTC coordination.

21 TTC coordination.

f. Seams Issues Submitted by Linda Horn, WE Energies

Ms. Horn recommended that the following issues be deleted since they are similar or duplicated by other issues in the catalog:

24 Improve Real Time use of trans. interfaces; regional dispatch coordination.

27.0 ATC/AFC Coordination.

27.1 Contract Tie Capacity.

27.2 Definitions and Procedures.

27.3 Access/Expansion Planning.

27.6 Congestion - Transmission Allocation.

The remaining issues were discussed as follows:

22 Rate pancaking elimination – Ms. Horn agreed that this issue may require further guidance from FERC. It was associated with issues #38 and 105.

23 How different congestion management methodologies will interact to ensure parallel flows and impacts are recognized and controlled to ensure system reliability – Ms. Horn agreed that this issue was associated with issue #115.

25 Need for common market and products ~~and definitions~~ – Ms. Horn agreed to drop “and definitions.” Mr. Rosenberg suggested that the group define terms used in the catalog for the benefit of the reader.

26 Transmission expansion planning: coordination between systems and determine who is obligated to build and pay for improvements – Ms. Horn agreed that further policy guidance from FERC, beyond that in Order 2003, would be required.

Ms. Horn’s remaining issues were affirmed by the group:

27.4 Voltage Operating Procedures.¹

27.5 Outage Maintenance Coordination.²

28 Multiple transmission service charge invoicing -- This issue was also associated with issue #56.

g. Seams Issues Submitted by Dave Nick, DTE Energy

Since Mr. Nick was not present for this portion of the meeting, Mr. Cobb led the group in a

1 This issue will be renumbered 24 in future references.

2 This issue will be renumbered 27 in future references.



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discussion of Mr. Nick's submissions. The changes made will be discussed with Mr. Nick before the catalog matrix is updated.

- 29 Allocation of transmission capacity on reciprocal flow gates amounts to transmission service without compensation; legitimizes "parallel loop flow" – This issue was re-categorized as a TTC-ATC issue. It was associated with issues #27.1, 43, 117, and 141.
- 30 Market allocations over flow gates are approved without regard to flow gate capacity resulting in over subscription of flow gates – This issue was re-categorized as a System Reliability issue.
- 31 MISO-PJM will do its own flowgate contribution analysis and send to NERC IDC if the 5% threshold is exceeded for an individual generator; IDC will not have complete information – This issue was recommended for deletion.
- 32 MISO-PJM market allocation will give preference to the market as Network over PTP (point-to-point) even though the Market allocation may be a non paying transmission customer – This issue was also recommended for deletion since it was more of a market design problem than a seams problem. If it is kept, it would be re-categorized as a Transmission Service issue.

Mr. Cargas and Mr. Desselle will contact Mr. Nick for clarification of issues #31 and 32, which may be market design and not seams issues. They will also get clarification of issue #30.

h. Seams Issues Submitted by Tony Reed, Southern Company

- 33 Standard for Purchasing of Intrahour ~~Interhour~~ Transmission – Mr. Reed agreed that "intrahour" better described this seam. The focus of this seam should be standardization of the procedures for purchasing intrahour power.
- 34 Clarification of Product Definitions – This issue was associated with issues #10 and 111. Mr. Reed noted that it may also be a contractual issue implicating liquidated damages, which is a provisional item on the WEQ annual plan.

i. Seams Issues Submitted by Raj Rana, AEP

Since Mr. Rana was not present, Mr. Desselle led the group in a discussion of his submissions.

- 35 LMP prices at borders of RTOs with markets – Mr. Desselle noted that this included price caps and recommended that a parenthetical be added.

Mr. Rana's other issue was adopted without change:

- 36 Coordination of market based congestion hedging instruments, such as FTRs, between adjacent RTOs with markets, especially for out and thru' transactions.

j. Seams Issues Submitted by Marjorie Perlman, EnergyEast

- 38 Rate Pancaking – This issue was associated with issues 22 and 105.
- 39 Controllable Line Scheduling – Ms. Perlman explained that this issue goes beyond the current FERC litigation between ConnEd and PSEG since that case centers on contract issues, not the seam identified here.
- 41 ~~Scheduling of Load~~ – Scheduling of Coordination (including ramp rates) – Ms. Perlman agreed to re-write this issue.



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42 Data Visibility – Ms. Perlman noted that this issue is synonymous with transparency. The focus would be on common software interfaces, which ESS is currently working on.

The group adopted Ms. Perlman's last issue without change:

40 Multiple Proxy Buses for Free Flowing Interfaces.

k. Seams Issues Submitted by Carl Monroe, Southwest Power Pool

Mr. Tammar and Mr. Cobb lead the discussion of Mr. Monroe's seams issues in his absence:

43 Allow Sharing Contract Tie Capacity between Entities across Seams – This issue may be more of a contractual issue, than a seam issue.

45 Coordination of Transmission and Generation Outages – This issue was associated with issue #27.5 (27).

47 Operational Model Updates.

48 Communication of Computer Failures.

49 Emergency Procedures.

50 Schedule Ramp Management.

51 Resource Adequacy – This seams issue was limited to whether the receiving party has the resources to receive power. In most instances, the states set specific reserve limits.

52 Confidentiality of Data and Information Shared – This issue was associated with issue #42.

Mr. Tammar noted that the following issues may require FERC policy guidance, beyond that in Order 2003:

44 Calculation and Values of TRM and CBM consistent.

46 Generation Interconnection Studies – This issue was also associated with issues #57 and 114.

l. Seams Issue Submitted by Robert Schwermann, SMUD

Since Mr. Schwermann was not present, Mr. Cobb led the discussion of his issue:

53 CAISO existing trans. contract (ETC) rights scheduling - Contract Reference Number.

The nature of ETC rights and grandfathered contracts was discussed as a regional or local seam. Mr. Cobb noted that the seam actually ran the entire length of the power line. Mr. Lively noted the market design aspect of the issue where capacity is being used, but not paid for, as in issue #13. The group decided to re-categorize this issue under Transmission Service.

m. Seams Issues Submitted by Joe Rossignoli, National Grid

Mr. Rossignoli, who was not present, submitted the following seams issues:

54 Transmission service charge discounting – Mr. Cobb noted that this issue seeks to link price to congestion so that more efficient scheduling decisions are made. This issue was associated with issues #22, 38 and 105 addressing rate pancaking. The issue was re-categorized as Transmission Service.

57 Transmission interconnection procedures – Mr. Cobb noted that this issue would require FERC policy guidance beyond Order 2003. It was associated with issues #46 and 114.



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The word "generation" was added to the comments for clarification.

58 Controllable line scheduling – Associated with issues #39 and 60.

59 Inter-control area congestion management / parallel flow management – This issue was associated with issue #36.

60 Cross-border price convergence – Mr. Cobb noted that this also implicates AC line scheduling and outage coordination. It was associated with issue #58.

The balance of Mr. Rossignoli's issues were adopted without any changes:

55 Improved TTC/ATC posting.

56 Multiple transmission service charge invoicing.

n. Seams Issues Submitted by Syd Berwager, Bonneville Power Auth.

Since Mr. Berwager was not present, Mr. Cobb led the discussion of his issues. He noted that the 41 issues, #61 to 102, attributed to Mr. Berwager were drafted by the NAESB Office based on the materials he submitted to the Subcommittee. Many of the issues are intra-market issues, not seams issues, and can be deleted. Mr. Cobb volunteered to contact Mr. Berwager and pare the list down to germane seams issues.

o. Seams Issues Submitted by Jeff Mueller, PSEG

Mr. Ken Brown, PSEG, led the discussion of issues #103 to 135. Mr. Brown pointed to their assignment of Priority 3 status (low priority) to most of these issues based on PSEG's understanding that they are being addressed by others. In the event other organizations fail to address these issues, however, NAESB may want to consider addressing them. For example, FERC has asked the ISO/RTO Council to address several issues, including seams. The New England seams catalog was recently updated.

Mr. Rodriguez noted that the PJM-MISO issues are being addressed now and will drop off of this catalog once resolved. Mr. Desselle suggested that the Subcommittee redraft these issues in broad enough terms to include similar seams or borders that exist outside of PJM-MISO that are not being addressed. Mr. Rodriguez agreed to provide more specific information for issues #115, 121, 123 and 125 so they can be properly categorized and associated. Messrs. Rodriguez, Mueller and Brown will redraft issues #103 to 135 in broader terms so they apply outside of the PJM-MISO border.

Except as noted below, all 32 issues were adopted by consensus without any changes.

- Issue #108 was re-categorized as Transmission Scheduling, and should be associated with the other ramping issues.
- Issue #129 was re-categorized as Congestion Management.

p. Seams Issues Submitted by Barry Green, Ontario Power Generation

136 Firm Transmission Service on IMO/MISO – This issue was adopted without change.

137 Inconsistent Market Event Timelines – As an example of this issue, Mr. Green said that bids must be finalized at least 2 hours ahead in Ontario. However, bids are not finalized in Michigan (MISO) until 1 hour ahead. This puts his company at significant risk for purchases from its neighbor since penalties result from the failure of a transaction. Mr. Rodriguez observed that this can be exasperated where time zone changes also come into play.



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q. Seams Issues Submitted by Karl Tammar, ISO/RTO Council

139 Standard definition of energy products – Mr. Tammar described this as an absolutely necessary area where NAESB can achieve a quick success. There may be minimal cost to industry that comes with all change. He said the ISO/RTO tariffs contain the definitions.

The balance of Mr. Tammar’s issues were adopted without change:

- 138 Coordination of congestion
- 140 Standard messaging protocols for market notifications

r. Seams Issues Submitted by Ed Davis, Entergy

Since Mr. Davis was not present, Mr. Cobb led the discussion of his issues, which were both adopted without change.

- 141 Replacement of contract path with flow-based transmission service
- 142 Pricing for native load loop flow impacts

4. Review of Categories

The suggested seams categories from Mr. Tammar were reviewed. He provided the following table that compares the ISO/RTO’s suggested new categories with the original categories:

ISO/RTO Suggested Categories		Original Proposed Categories		Suggested Forum
No.	Description	No.	Description	
1	Planning – Includes Transmission Planning, Generator Interconnections, and Resource Adequacy/ICAP	1	Affected System -- FERC term for "3rd party systems" affected by generator interconnections or other system changes to a neighboring system. 3 Items	FERC and ISO/RTO Council
		5	Generator Interconnection 1 Items	
2	Market Design	2	Ancillary Services Market Standardization 7 Items	FERC and ISO/RTO Council
		4	Energy Market Standardization.	
3	Congestion Management. Suggest it be divided into real-time (priority 3) and day-ahead markets (priority 2). Maybe select two or three of the real time issues and assign them priority 1	3	Congestion Management. 22 Items	NAESB
		12	TTC/ATC.	
4	Market Standards	4	Energy Market Standardization.	NAESB
5	Market Monitoring/Compliance	7	Market Monitoring/Compliance. 4 Items	FERC
6		8	Recommend Deletion – Issues in this category may be deleted due	N/A



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			to redundancy. These issues also appear in Red. 1 Items	
7	System Reliability. - Items in Lack of Info category can be Merged with the Reliability Issues. Several of the TTC/ATC issues may be more appropriately dealt with in a reliability forum.	9	System Reliability. 27 Items	NERC
		6	Lack of Information/Specificity - - Issues in this category either don't provide enough information to understand the issue or a single issue covers too many issues. 5 Items	
		12	TTC/ATC.	
8	Transaction Scheduling 11 Items	10	Transaction Scheduling 11 Items	NAESB refer to Coordinate Interchange BP TF & ESS
9	Transmission Service	11	Transmission Service 24 Items	FERC and ISO/RTO Council

The suggested ISO/RTO categories were adopted by consent. The suggested forum column was not adopted. Everyone agreed that the Joint Implementing Committee (JIC) would determine which entity would be assigned responsibility for addressing a particular seam issue. The WEQ EC would determine which subcommittee would be assigned responsibility for seams issues assigned to NAESB.

Mr. Cobb volunteered to re-categorize the catalog issues into the 9 newly adopted categories.

5. Next Steps, Future Meetings and Delivery of Catalog to Executive Comte.

Although the next Wholesale Electric Quadrant Executive Committee (WEQ EC) is not until December 9, 2003, the final matrix should be ready for inclusion in the meeting book by December 2, 2003. Therefore, the next meeting was set by consensus for December 1, 2003, from 10am to 3pm Central Time. The draft matrix should be posted on the NAESB web site no later than November 21, for review prior to the December 1 call.

It was noted that both the JIC and FERC had their final meetings of 2003 on December 17. It was agreed by consensus that the final seams catalog matrix would be delivered to both the JIC and FERC in time for its consideration at their respective meeting.

The following action items were reviewed:

<u>Deadline:</u>	<u>Responsible Person(s):</u>	<u>Action Item:</u>
Nov. 17	Mr. Cobb	Contact Mr. Berwager to condense his issues in light of other similar issues submitted, and delete market design issues.
Nov. 17	Mr. Cobb	Contact Mr. Cox for clarification that issue #2 is more of a TTC issue than system reliability.
Nov. 17	Mr. Cobb	Re-categorize issues into 9 ISO/RTO categories, and delete issues per submitter's instructions.
Nov. 12	Mr. Desselle	Contact Mr. Nick to get clarification of his issues so they



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Deadline:	Responsible Person(s):	Action Item:
		can be categorized and/or deleted.
Nov. 12	Mr. Rodriguez	Provide more specificity for issues #115, 121, 123 and 125 so they can be categorized; also, with Mssrs. Mueller and Brown, redraft issues in broad terms with application outside PJM and MISO.
Nov. 18	Mr. Cargas	Clean up formatting and post revised matrix on web site.
Nov. 21	Mr. Desselle	Review revised matrix and condense associated issues by redrafting with broader language that takes in all facets.
Nov. 21	Mr. Cargas	Post Mr. Desselle's revisions on web site.
Dec. 2	Mr. Cargas	Incorporate any changes made to matrix at Dec. 1 conference call. Post now-final matrix on web site. Deliver final matrix for inclusion in book for WEQ EC meeting.
Dec. 9	Messrs. Cobb and Rosignoli	Present final matrix to EC. Recommend forwarding to JIC and FERC.
Before Dec. 17	Messrs. Cobb and Rosignoli	Deliver final matrix to JIC and FERC, who both have meetings on Dec. 17.

6. Adjourn

The meeting adjourned at 3:35pm Central.



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Attendees:

	Attendee	Company	In Person / Phone	
1	Leona	Banning	NAESB	In Person
2	Robert	Blohm	Consulting Economist	In Person
3	Scott	Brown	Exelon	Phone
4	Ken	Brown	PSE&G	In Person
5	Yvette	Camp	Southern Company	Phone
6	James	Cargas	NAESB	In Person
7	Steve	Cobb	Salt River Project	In Person
8	Michael	Desselle	AEP	In Person
9	Ken	Gates	Conectiv	Phone
10	Bob	Goss	SEPA	In Person
11	Barry	Green	Ontario Power Generation	In Person
12	Linda	Horn	WE Energies	Phone
13	Barry	Huddleston	Dynergy	In Person
14	Gary	Jackson	Tennessee Valley Authority	Phone
15	Alan	Johnson	Mirant	In Person
16	Mark	Lively	Utility Econ. Engineering	In Person
17	Steve	McCoy	CAISO	In Person
18	Rae	McQuade	NAESB	In Person
19	David	Nick	DTE Energy	Phone
20	Lou	Oberski	Dominion	In Person
21	Marjorie	Perlman	Energy East	In Person
22	Tony	Reed	Southern Company	In Person
23	Andy	Rodriguez	PJM	In Person
24	Marv	Rosenberg	FERC	In Person
25	Joe	Rossignoli	National Grid	Phone
26	Karl	Tammar	NYISO	In Person
27	Michael	Tartibi	Exelon	In Person
28	Steve	Terelmes	Ameren	In Person
29	Tonja	Wicks	Edison Electric Inst.	In Person
30	Walt	Yeager	Cinergy	Phone