



NORTH AMERICAN ENERGY STANDARDS BOARD

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Via email
April 30, 2008

TO: Gerry Adamski, Andy Rodriguez
cc: David Whiteley, Larry Middleton, Michael Desselle, Kathy York, Clay Norris, Ed Skiba, Paul Sorenson, JT Wood, Marcie Otondo, Jonathan Booe, Deonne Cunningham, Cory Galik
FROM: Rae McQuade
RE: NERC and NAESB efforts on Order 890 Counter flows

Dear Gerry and Andy –

I want to thank you both for your continued support in our Order No. 890 efforts. This is certainly proving to be a difficult development project, but the coordination between our two groups has been stellar. We are also very fortunate to have dedicated industry volunteers to shepherd the work through to a successful conclusion. I am writing this letter to summarize my understanding of the division of work for counterflows related to Order No. 890ⁱ, so that we can continue our coordination efforts and ensure that we do not pursue duplicative courses of development.

We held a conference call on Order No. 890 efforts with the NAESB subcommittee chairs on April 22, during which this topic was discussed with our leadership and we much appreciated Andy's attendance. From that call and other discussions, I understand that NAESB does not need to pursue standards development for counterflows other than the reporting and posting functions addressed in the NAESB task on ATC Information Links.

From your efforts, the determination of counterflows in the calculation of ATC is to be developed as part of the MOD 001 standard for accounting for counterflows through the ATCID,ⁱⁱ which would include how the counterflows are established and the values to be used for counterflows. From our efforts, NAESB is posting the ATCID per the ATC Information Link, which was voted on by our Executive Committee on April 24 with notational ballots due May 2. I fully expect it will pass and then be ratified in early June.

In the event that your NERC drafting team determines in its development work that NAESB should address additional functions for counterflows, we will certainly work with you to achieve an appropriate balance. Should our leadership also determine that additional steps be taken, we will also coordinate such with you to avoid any duplicative work or mischaracterization of standards development from a commercial or reliability perspective.

As always, it is a pleasure working with you both --

With Best Regards,

Rae

Rae McQuade, President, North American Energy Standards Board

Relevant Document Links:

- (1) The FERC notice: <http://www.naesb.org/pdf3/ferc042908.doc>
- (2) The current Order No. 890 work plan:
http://www.naesb.org/pdf3/order890_042508_naesb_workplan_clean.doc
- (3) The current WEQ annual plan: http://www.naesb.org/pdf3/weq_2008_annual_plan.doc

ⁱ The FERC Order No. 890 reference can be found in paragraph 293: "With regard to EPSA's request for the standardization of additional data inputs, we believe they are already captured in the Commission's proposal as adopted in this Final Rule. Xcel asks the Commission to require consistency in the determination of counterflows in the calculation of ATC. Counterflows are included in the list of assumptions that public utilities, working through



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April 30, 2008
Page 2 of 2

NERC, are required to make consistent. We believe that counterflows, if treated inconsistently, can adversely affect reliability and competition, depending on how they are accounted for. Accordingly, we reiterate that public utilities, working through NERC and NAESB, are directed to develop an approach for accounting for counterflows, in the relevant ATC standards and business practices. We find unnecessary Xcel's request that we require a date certain for specific issues in the Western Interconnection to be addressed. Above we require public utilities, working through NERC, to modify the ATC standards within 270 days after the publication of the Final Rule in the Federal Register."

- ⁱⁱ Some of the requirements under consideration for counterflows as part of ATCID from your documentation are:
- R3. Each Transmission Service Provider shall prepare and keep current an Available Transfer Capability Implementation Document (ATCID) that includes, at a minimum, the following information: [Violation Risk Factor: Lower] [Time Horizon: Operations Planning]
 - R3.1. Information describing how the selected methodology (or methodologies) has been implemented, in such detail that, given the same information used by the Transmission Service Provider, the results of the ATC or AFC calculations can be validated.
 - R3.2. A description of the manner in which the Transmission Service Provider will account for counterflows including:
 - R3.2.1. How confirmed Transmission reservations, expected Interchange and internal counterflow are addressed in firm and non-firm ATC or AFC calculations.
 - R3.2.2. A rationale for the defined accounting.