



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

**NERC TLR Standards Drafting Team
NAESB Business Practices Subcommittee
JOINT MEETING, CONFERENCE CALL, AND WEBEX**

**NAESB Offices
1301 Fannin - Suite 2350
Houston, Texas**

**June 19, 2007—9 a.m. to 5 p.m. Central Daylight Time
June 20, 2007—9 a.m. to 5 p.m. Central Daylight Time**

Agenda

- 1. Administration**
 - Introduction of Attendees
 - NERC Antitrust Compliance Guidelines
 - Approve Agenda
 - Approve Minutes
- 2. Review Status of Phase III Work Assignments**
- 3. Review of Comments and Development of Responses**
 - Review Summary of Comments
 - Begin drafting responses
- 4. Future Meetings and Schedule Review**
 - July 9—10: 9 a.m. —5 p.m. – both days Toronto (tentative) – NERC to host
 - August 22 – 23: 9 a.m. – 5 p.m. – both days Carmel – MISO to host
- 5. New business**
- 6. Adjourn**

TLR Drafting Team Meeting – June 19–20, 2007 Conference Call and Web Conferencing Information

NAESB will be providing the conference call and WebEx capabilities for this meeting.

If you plan to participate by conference call, the dial in number is 866-740-1260 and the access code is 3560060. Please call the office (713-356-0060) for the four digit security code if you would like to participate in the audio and/or web conferencing portions of this call.

To join a conference call:

- Dial the 11 digit toll free phone number (866-740-1260)
- An automated attendant will ask you to enter a seven digit access code (3560060)
- The automated attendant will ask you to record your name.
- Please note that if the conference leader has not yet initiated the conference call, you will be placed on music hold until the conference leader starts the conference.
- The automated attendant will then ask you for a four digit security code (Please call the NAESB office (713-356-0060) for this code)

If participating by phone, please place your phone on mute unless you are speaking. For those participants that do not have a mute feature on your phone, please press (*6) to mute your phone and (*7) to un-mute your phone.

The Chair has requested that web conferencing be made available because the agenda items lend themselves to online editing. If you are interested in participating in the web conferencing portion, please call the NAESB Office (713-356-0060). At that time, the NAESB Office will provide the URL, access code, and security code.

NERC ANTITRUST COMPLIANCE GUIDELINES

I. GENERAL

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. PROHIBITED ACTIVITIES

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

III. ACTIVITIES THAT ARE PERMITTED

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation and Bylaws are followed in conducting NERC business. Other NERC procedures that may be applicable to a particular NERC activity include the following:

- Reliability Standards Process Manual
- Organization and Procedures Manual for the NERC Standing Committees
- System Operator Certification Program

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

Approved by NERC Board of Trustees, June 14, 2002 Technical revisions, May 13, 2005 2

TLR Drafting Team Meeting Minutes

A regular meeting was held on May 22, 2007 at 9am (09:00) EDT at the offices of the Tennessee Valley Authority, in Chattanooga, TN. The meeting was supplemented with a Conference Call and WebEx presentation. The agenda and attendance list are affixed as Exhibits A and B, respectively. Chairman Ben Li presided. NERC staff (Andrew Rodriguez) served as facilitator.

Roll Call

Chairman Ben Li called for all attendees to introduce themselves, and all participants in the call to identify themselves.

Antitrust Guidelines

Mr. Rodriguez summarized the NERC Antitrust Compliance Guidelines.

Agenda

Jim Busbin moved that the group approve the agenda. The TLR Drafting Team approved the meeting agenda unanimously.

Roster Updates

Mr. Rodriguez requested the roster be deferred until the afternoon.

Approval of Minutes

Chairman Ben Li requested the group to review the minutes, and defer approval until the second day of the meeting.

Review of Work Status

Chairman Ben Li reviewed the recent events regarding the posting of the draft standard IRO-006-4. Mr. Rodriguez reported that as of May 20, no comments had been received.

Mr. Tom Mallinger led a discussion of the various requirements he had identified in IRO-006-4 Attachment 1. In the previous meeting, Mr. Mallinger had volunteered to undertake this task. Based on the current compliance elements in the standard, Mrs. Ellen Oswald indicated that the Regional Reliability Organizations would use their discretion in implementing the severity and/or penalties associated with Attachment 1.

Several different concepts for determining how to "score" the violations identified by Mr. Mallinger such that they could be used within the framework of IRO-006-4 as drafted were discussed. After not determining any specific approach to anyone's complete satisfaction, it was suggested that a more detailed effort should be reserved for the Phase 3 work. In the meantime, Mr. Mallinger's work could be used as a guide for auditors to make their determination of how many violations occurred of Attachment 1. **Chairman Ben Li requested that Mrs. Oswald verify with NERC Compliance that this would be a both useful and acceptable approach. Chairman Ben Li volunteered to write a draft proposal for how to score the violations, such that the work discussed by the group was not lost.**

Review of the NAESB work was deferred, based on a minor scheduling conflict.

Roster Updates (revisited)

Mr. Rodriguez circulated the roster in electronic form in the afternoon of the first day, and collected all updates.

Field Test Report

Mr. Mallinger provided an update on the PJM/MISO/SPP Field Test. It is anticipated the Field Test will begin prior to June 1. PJM has completed internal testing of their own systems, while MISO and SPP plan to finish internal testing and join in the Field Test in fall. Internal testing of the IDC to support the Field Test has been completed. There will be monthly reports generated to summarize the results of the Field Test.

FERC and Stakeholder's Comments

Chairman Ben Li reviewed FERC Order 693 as it relates to IRO-006. It was noted that FERC directed the ERO to make changes to the structure of the ERCOT and WECC interconnection-wide procedures. The team was uncertain how to proceed with this request, and requested that the issue be escalated to the Standards Committee. ***Mr. Rodriguez agreed to bring it to the appropriate NERC staff such that it would be added to the SC Agenda. As a member of the SC, Chairman Ben Li agreed to present the issue if needed.***

Review of Work Status (revisited)

Mrs. Kathy York reviewed the work of the NAESB teams related to the TLR Business Practices. Clarification with regard to the use of the term "NERC-Approved" in the business practices was discussed. Mrs. York agreed to return the clarifications to the NAESB teams and work on modifying the business practices as appropriate.

FERC and Stakeholder's Comments

The team reviewed the comments of stakeholders on IRO-006-0. Chairman Ben Li summarized the comments as follows:

1. The industry wants to see a Joint Operating Document, and
2. The industry wants us to address the issues we are already attempting to address

Review of Phase 3 Scope and Deliverables and Operators Guide

Chairman Ben Li reviewed several items he believed should be considered in the Phase 3 list of work:

- The applicability of ramp limitations when in TLR, from page 14 of the comments
- The IRO-006 "to do list" referenced on page 19 of the comments
- The JISWG comments from page 21
- The comments on proxy Flowgates from page 22
- The notes in the "mapping document"
- The March meeting document

Mr. Rodriguez was asked to compile the items into a list. Chairman Ben Li will send Mr. Rodriguez the March meeting document.

Future Meeting Review

As some members of the team would not be present for the second day, Chairman Ben Li reviewed the future meeting schedule. The meeting schedule was determined to be as follows:

- June 19 – 20: 9am – 5pm both days, in Houston, TX – NAESB to host
- July 9-10: 9am – 5pm both days, in Toronto, ON – NERC to host
- August 22 - 23 9am to 5pm both days, in Carmel, IN – MISO and NERC to host

Adjournment/Reconvening

Chairman Ben Li adjourned the meeting at 4:30pm. Sue Magnum-Goins provided non-market participants with a tour of the Systems Operations Center (SOC). Chairman Ben Li reconvened the meeting at 9:00am the following day.

Approval of Minutes (revisited)

The group reviewed and approved the following meeting minutes:

- Jan 10-11, 2007 (moved Mr. Busbin, approved unanimously)
- April 18-19, 2007 (moved Mr. De Mello, approved unanimously)
- April 26, 2007 (moved Mr. Mallinger, approved unanimously)

Review of Phase 3 Scope and Deliverables and Operators Guide (continued)

Chairman Ben Li confirmed with Mr. Mallinger that the Field Test would not result in any changes to the standard until the first half of 2008. Chairman Ben Li then reviewed the concepts of what needed to be accomplished in Phase 3:

- Wholesale review of the standard
- Revise and revamp the standard as necessary
- Create new documents as necessary
- Revise the measures and compliance as necessary

Other team members pointed out there remained items that need to be extracted from the Standard and placed in the IDC reference document. The topic of Proxy Flowgates was also discussed. It was questioned how the new standard(s) would be formatted. One standard? Multiple standards? One standard with Attachments? The IDC reference document was discussed further, and it was determined that when all editing is completed, the IDC reference document should only contain items that are not reliability and not commercial (in other words, only the tool implementation details). Question remain as to whether the IDC reference document will be Attachment 2 of the standard (which implies it is part of the standard) or some other kind of document. Chairman Ben Li indicated that the Standards Committee is trying to identify ways to address this problem already.

During the discussion, the concept of the posting schedule for the Phase 1 changes came up. Chairman Ben Li indicated that the schedule involved two postings for comment, resulting in a standard delivery in late October/early November. Mr. Rodriguez indicated that the standard he had believed the group to be working under was one that involved a single posting, resulting in a standard delivery in early September. **Chairman Ben Li and Mr. Rodriguez agreed to discuss with other NERC staff off line to clarify how the group should be moving forward.** However, at this time, the October/November schedule stands.

Mr. Jim Busbin reported on the status on his work related to the joint operating manual. It was pointed out that the issue of intellectual property had not yet been resolved between NERC and NAESB. **Mr. Rodriguez agreed to follow up on this item.** Chairman Ben Li asked Mr. Busbin to consider June 25th as a deadline to distribute via e-mail a first draft. Mr. Rodriguez requested that Mr. Busbin consider presentation at the June 19-20 meeting as a stretch goal; Mr. Busbin agreed to make his best efforts at providing the document sooner than June 25th. Chairman Ben Li indicated his goal is to have the joint document ready for the next 30-day posting of the standard, which he anticipates to be in mid-July.

Begin Phase 3 Edits

Chairman Ben Li reviewed the documents that comprise the TLR body of work.

- IRO-006-4
- Attachment 1 (the old Policy)
- Attachment 1 Appendices
- IDC Reference Document

Chairman Ben Li discussed having a goal of early 2008 as a target for delivery of Phase 3, possibly to coincide with the results of the Field Test. However, he also warned that we should not post the Phase 3 work for any comment or review until AFTER the current standard had been approved; otherwise, it could cause industry confusion.

Phase 3 Assignments and Action Items

Chairman Ben Li broke the work into three assignments and asked for volunteers to lead the efforts, as well as work on the teams. Teams and assignments were defined as follows:

- Standard Review Team (volunteer lead Mr. Bob De Mello, volunteer Mr. Dave Marton)
 - Assignment – review IRO-006 and develop appropriate changes to requirements, measures, and compliance.
- Attachment 1 Review Team (volunteer lead Mr. Mallinger, volunteers Messrs. De Mello, Frank Koza, and Narinder Saini)
 - Assignment – review Attachment 1 and develop into appropriate requirements, measures, and compliance
- Appendices and IDC Reference Document Review Team (volunteer lead Andy Rodriguez, volunteer Nelson Muller)
 - Assignment – review the Attachment 1 Appendices and the IDC reference document. Where appropriate, develop into requirements, measures, and compliance. Alternatively, incorporate into the IDC reference document, or identify for transfer to NAESB.

Chairman Ben Li asked Mr. Rodriguez to announce the creation of the teams via the TLRDT_PLUS exploder, and request additional people to participate.

Adjourn.

Mr. Busbin moved to adjourn the meeting. The team approved unanimously. Chairman Ben Li adjourned the meeting at 11:08am.

May Meeting Attendance List

P.S. (Ben) Li	Ben Li Associates, Inc.
James Y. Busbin	Southern Company Services, Inc.
Robert De Mello	New York Independent System Operator
James Eckelkamp	Progress Energy
Frank J Koza	PJM Interconnection, L.L.C.
Tom Littleton	Oklahoma Municipal Power Authority
Tom J. Mallinger	Midwest ISO, Inc.
Carol S. Mangum-Goins	Tennessee Valley Authority
Dave Marton	FirstEnergy Solutions
Israel Melendez	Constellation Energy Commodities Group
Stephanie Monzon	PJM Interconnection, L.L.C.
Nelson Muller	OATI
Marjorie Perlman	Energy East
Narinder K. Saini	Entergy Services, Inc.
Kathy York	Tennessee Valley Authority
Laura Kennedy	North American Energy Standards Board
DeDe Kirby	North American Energy Standards Board
Ellen Louise Oswald	North American Electric Reliability Corporation
Andrew J. Rodriguez	North American Electric Reliability Corporation