



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

Interchange Standard and Business Practices Meeting

Monday, October 27, 2003 — 1 p.m. to 5 p.m.
Tuesday, October 28, 2003 — 8 a.m. to 3 p.m.

The Westin Cincinnati
21 East 5th Street
Cincinnati, OH 45202
Phone: 513-621-7700

Agenda

- | | |
|---|-------------------|
| 1. Administrative | 10 minutes |
| a. Welcome and Introductions – Chairman | |
| b. Antitrust Guidelines – Chairman | |
| c. Arrangements – Secretary | |
| d. Approval of Agenda – Chairman | |
| 2. Purpose of Meeting – Monroe Landrum | 10 minutes |
| a. Coordination of reliability and business practices standards | |
| b. Policy 3 and E-Tagging | |
| c. Meeting deliverables | |
| 3. Introductory Statements – Subcommittee Chairman | 30 minutes |
| a. Overview of subcommittee actions related to standards | |
| i) Roman Carter – Chairman of NAESB CIBPTF | |
| (1) Coordinate Interchange Business Practices Task Force | |
| ii) Doug Hils – Chairman of NERC IS | |
| (1) Interchange Subcommittee | |
| iii) Mike Oatts – Chairman of NERC CISDT | |
| (1) Coordinate Interchange Standards Drafting Team | |
| 4. Functional Model Version 2 – Jim Byrd | 2 hours |
| a. Bilateral schedules | |
| b. Functions and associated tasks | |
| c. Responsible entities | |
| d. Certifying organizations | |
| 5. Policy 3 and Associated Appendix – Doug Hils | 20 minutes |
| a. Transition to reliability standards | |
| b. Operating Committee charge to Interchange Subcommittee | |
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Interchange Subcommittee Meeting Agenda
October 27–28, 2003

- c. Policy 3 – Reliability standards and business practices
- d. E-Tagging and the TISWG

6. CI Standard DT – Mike Oatts **20 minutes**

- a. CI Standard development issues
- b. Functional Model and the CI Standard
- c. Tariff issues

7. CIBPTF Scoping Document – Roman Carter **1 hour**

- a. Coordination of business practices associated with reliability standards
 - i) Ensuring standards do not conflict
 - ii) Synchronizing development of standards
- b. Review scoping document

8. Policy 3 Spreadsheet – Andy Rodriguez **remainder of meeting**

- a. E-Tag survey and enhancements
- b. Map Policy 3 to reliability standards and business practices
- c. E-Tagging – Define what goes where

Item 1. Administrative

- a. Welcome and Introductions – Chairman
- b. Antitrust Guidelines – Chairman
- c. Arrangements – Secretary
- d. Approval of Agenda – Chairman

a. Welcome and Introductions – Chairman

Monroe Landrum of Southern Company will chair the meeting. Mr. Landrum is the current chairman of the NAESB Information Technology Subcommittee and the NERC Transaction Information System Working Group, and past chairman of the OASIS Standards Collaborative.

The chairman will request introductions from the group.

b. Antitrust Guidelines – Chairman

The NERC Antitrust Compliance Guidelines, Organization and Procedures Manual, and a summary of Parliamentary Procedures are attached for reference. The secretary will answer questions regarding these procedures.

c. Arrangements – Secretary

Gordon Scott will act as secretary for the meeting. The secretary will review the meeting arrangements. The meeting begins on Monday, October 27 at 1 p.m. and adjourns at 5 p.m. The meeting will reconvene on Tuesday, October 28 at 8 a.m. and will adjourn at 3 p.m.

d. Approval of Agenda – Chairman

The chairman will ask for additional items or revisions to the agenda.

Action

The chairman will ask for approval of the agenda.



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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 which 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.

Approved by NERC Board of Trustees
June 14, 2002

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:

- Organization Standards Process Manual
- Transitional Process for Revising Existing NERC Operating Policies and Planning Standards
- 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 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.

Item 2. Purpose of Meeting – Chairman

- a. Coordination of reliability and business practices standards
- b. Policy 3 and E-Tagging
- c. Meeting deliverables

Background

At the September 2003 Interchange Subcommittee meeting, the subcommittee discussed the charge from the Joint Interface Committee that encouraged related groups of NERC and NAESB to work together in the development of the reliability and business practices. Also, the Joint Memorandum of Understanding for the *North American Energy Standards Board, North American Electric Reliability Council and the ISO/RTO Council*, states:

“Whereas the Parties agree that a coordination process should be developed among the Parties to ensure that the development of business practice and reliability standards is coordinated and harmonized with the development, approval and implementation of ISO and RTO policy and that every practicable effort is made to eliminate overlap and duplication of efforts;”

The purpose of this meeting is to begin that coordination process. This charge fits well with the groups invited to this meeting. The CIBPTF, CISDT, and the IS are all working on reliability or business practices related to Policy 3.

The Interchange Subcommittee is fortunate to have as members that are also chairman or prominent members of groups that are involved in developing standards for reliability and business practices related to Policy 3. These members of a NAESB group that are also a member of a related NERC group, reinforce the famous Pogo maxim “Them is Us.” More than any other NERC policy, Policy 3 crisscrosses that grey boundary between reliability standards and business practices. Coordinating the development of reliability standards and business practices related to Policy 3 is vital to the success of each effort.

Action

The groups will work to complete two spreadsheets related to Policy 3:

- NAESB Analysis of Business Practices – NERC Policy 3
- Interchange Subcommittee Breakdown of Policy 3 Reliability and Business Practices

These documents are attached under Items 7 and 8 in the agenda.

A third deliverable from the meeting should be gaining an understanding of each other’s issues and moving forward in a coordinated and efficient manner.

Item 3. Introductory Statements – Subcommittee Chairman

- a. Overview of subcommittee actions related to standards
 - i) Roman Carter – Chairman of NAESB CIBPTF
 - (1) Coordinate Interchange Business Practices Task Force
 - ii) Doug Hils – Chairman of NERC IS
 - (1) Interchange Subcommittee
 - iii) Mike Oatts – Chairman of NERC CISDT
 - (1) Coordinate Interchange Standards Drafting Team

Background

The chairman of each group will provide a short overview of their respective group's issues related to this coordination effort.

Item 4. Functional Model Version 2 – Jim Byrd

- a. Bilateral schedules
- b. Functions and associated tasks
- c. Responsible entities
- d. Certifying organizations

Background

An understanding of the Functional Model is vital for developing reliability and business practice. The Function Model is the foundation and framework upon which NERC develops its reliability standards. The Functional Model Review Task Group plans to request approval from all three Standing Committees of Version 2 of the Functional Model in November 2003.

Jim Byrd, Chairman of FMRTG, will attend the Joint Interchange meeting to discuss Version 2 of the model. Mr. Byrd's presentation will focus on bilateral schedules.

Attachments

The FMRTG is currently revising the Functional Model. Don Benjamin will provide Version 2 of the Functional Model to the groups attending this meeting on October 23 or 24.

For information on the Functional Model see the minutes of the September 29-30, 2003 FMRTG meeting located on the NERC website @ ftp://www.nerc.com/pub/sys/all_updl/oc/fmrtg/fmrtg_0903m.pdf

Item 5. Policy 3 and Associated Appendix – Doug Hils

- a. Transition to reliability standards
- b. Operating Committee charge to Interchange Subcommittee
- c. Policy 3 – Reliability standards and business practices
- d. E-Tagging and tagging enhancements

Background

Doug Hils will lead the discussion on the transition to the Functional Model, reliability standards and business practices. The Interchange Subcommittee was charged by the Operating Committee to provide a document comparing NERC policies to current standards under development and to prioritize business practices. The following excerpt is from the July 16-17, 2003 Operating Committee meeting minutes:

It was understood that the Operating Committee would continue to manage the current operating policies and revise those policies when necessary. The Standards Authorization Committee would manage standards authorization requests and draft new reliability standards. The steering team will draft a formal transition plan to bring to the standing committees and the SAC in November 2003.

The Operating Committee subcommittees need to review existing operating policies and compare those policies to current draft standards authorization requests and draft standards and decide if new SARs are needed. NERC will also need help from the North American Energy Standards Board to determine which business practices need priority attention.

Chairman Fidrych then asked the Operating Committee's subcommittees to review the current operating policies for which they are responsible, comparing those policies to current standards authorization requests and draft standards, and present their findings to the Operating Committee in November. Specifically, he asked the subcommittees to determine:

1. which SARs are needed,
2. which operating policies could be referred to NAESB as business practices,
3. what reference documents are needed to support the new reliability standards,
4. what other documents would be needed,
5. what portions of existing policies could be retired as new reliability standards are put in place.

Item 6. CI Standard DT – Mike Oatts

- a. CI Standard development issues
- b. Functional Model and the CI Standard
- c. Tariff issues

Background

Mike Oatts, chairman of the Coordinate Interchange Standards Drafting Team, will provide further comments and lead the discussion on the issues surrounding the development of the CI Standard.

Item 7. CIBPTF Scoping Document – Roman Carter

- a. Coordination of business practices associated with reliability standards
 - i) Ensuring standards do not conflict
 - ii) Synchronizing development of standards
- b. Review scoping document

Discussion

Roman Carter, chairman of the Coordinate Interchange Business Practices Task Force, will lead the discussion on the current efforts of the CIBPTF to develop business practices associated with the Coordinate Interchange Standard, and Policy 3.

The CIBPTF has created a scoping document for Policy 3 that categorizes Policy 3 sections into potential business practices and reliability standards. The groups should provide feedback to the CIBPTF on this document.

The CIBPTF is scheduled to meet before the October 27 meeting; therefore, a revised document may be issued before the meeting.

Attachment

Roman Carter's email that accompanied Attachment 7a stated:

Attached is a colored coordinated [Green=Business Practice, Red=Reliability, Blue=Reliability & Business Practice] breakdown of NERC Policy 3 version 5.1 that will be discussed at the upcoming NAESB CIBPTF conference call on October 21st. The attachment may change between our Conference Call on the 21st and the Joint meeting on the 27th. The breakdown provides a good idea of the CIBPTF's viewpoint on "who is responsible for what."

7a NAESB Analysis of Business Practices – NERC Policy 3

This is NAESB's CIBPTF's current analysis of responsibilities:

Green = Business Practice

Red = Reliability

Blue = Combination

Policy 3 – Interchange

Version 5.1

[See also, “Interchange Reference Document”]

Policy Subsections

- A. Interchange Transaction Implementation**
 - B. Interchange Schedule Implementation**
 - C. Interchange Schedule Standards**
 - D. Interchange Transaction Modifications**
-

Introduction

This Policy addresses the following issues:

- Responsibilities of all PURCHASING-SELLING ENTITIES involved in INTERCHANGE TRANSACTIONS.¹
- Information requirements for INTERCHANGE TRANSACTIONS.
- Requirements of CONTROL AREAS to assess and confirm INTERCHANGE TRANSACTIONS.
- Accountability of CONTROL AREAS for implementing all INTERCHANGE SCHEDULES in a manner that ensures the reliability of the INTERCONNECTIONS.
- Standards for INTERCHANGE SCHEDULES between CONTROL AREAS.
- Requirements for INTERCHANGE TRANSACTION Cancellation, Termination, and Curtailment.

¹ This Policy deals predominately with INTERCHANGE TRANSACTIONS, that is, those that cross one or more CONTROL AREA boundaries. The more general term “TRANSACTION” includes INTERCHANGE TRANSACTIONS and TRANSACTIONS that are entirely within a CONTROL AREA. At this time, the only reference to the general term “TRANSACTION” is the tagging requirement in Requirement 3.A.2.1.

A. Interchange Transaction Implementation

[Policy 2A, “Transmission—Transmission Operations”]

[Appendix 3A1, “Tag Submission and Response Timetables”]

[Appendix 3A2, “Tagging Across Interconnection Boundaries”]

[“E-Tag Reference Document”]

[“Transaction Tagging Process within ERCOT Reference Document”]

Introduction

This section specifies the PURCHASING-SELLING ENTITY’S requirements for tagging all INTERCHANGE TRANSACTIONS, the CONTROL AREA’S and TRANSMISSION PROVIDERS’ obligations for accepting the tags, and CONTROL AREAS obligations for implementing the INTERCHANGE TRANSACTIONS. The tag data is integral for providing the CONTROL AREAS, RELIABILITY COORDINATORS, and other operating entities the information they need to assess, confirm, approve or deny, implement, and curtail INTERCHANGE TRANSACTIONS as necessary to accommodate the marketplace and ensure the operational security of the INTERCONNECTION.

Requirements

1. **INTERCHANGE TRANSACTION arrangements.** The PURCHASING-SELLING ENTITY shall arrange for all Transmission Services, tagging, and contact personnel for each INTERCHANGE TRANSACTION to which it is a party.
 - 1.1. **Transmission services.** The PURCHASING-SELLING ENTITY shall arrange the Transmission Services necessary for the receipt, transfer, and delivery of the TRANSACTION.
 - 1.2. **Tagging.** The PURCHASING-SELLING ENTITY serving the load shall be responsible for providing the INTERCHANGE TRANSACTION tag. (Note: 1. Any PSE may provide the tag; however, the load-serving PSE is responsible for ensuring that a single tag is provided. 2. If a PSE is not involved in the TRANSACTION, such as delivery from a jointly owned generator, then the SINK CONTROL AREA is responsible for providing the tag. PSEs must provide tags for all INTERCHANGE TRANSACTIONS in accordance with Requirement 2.)
 - 1.3. **Contact personnel.** Each PURCHASING-SELLING ENTITY with title to an INTERCHANGE TRANSACTION must have, or arrange to have, personnel directly and immediately available for notification of INTERCHANGE TRANSACTION changes. These personnel shall be available from the time that title to the INTERCHANGE TRANSACTION is acquired until the INTERCHANGE TRANSACTION has been completed.
 - 1.4. **E-Tag monitoring.** CONTROL AREAS, TRANSMISSION PROVIDERS, and PURCHASING-SELLING ENTITIES who are responsible for a tagged TRANSACTION shall have facilities to receive unsolicited notification from the Tag Authority of changes in the status of a tag with which the user is a participant.
2. **INTERCHANGE TRANSACTION tagging.** Each INTERCHANGE TRANSACTION shall be tagged before implementation as required by each INTERCONNECTION as specified in the “**E-Tag Reference Document,**” or “**Transaction Tagging Process within ERCOT Reference Document.**” In addition to providing necessary operating information, the INTERCHANGE TRANSACTION tag is the official request from the PURCHASING-SELLING ENTITY to the CONTROL AREAS to implement the INTERCHANGE TRANSACTION. The information that must be provided on the tag is listed in **Appendix 3A4.**

A. Interchange Transaction Implementation

- 2.1. Application to TRANSACTIONS.** All INTERCHANGE TRANSACTIONS and certain INTERCHANGE SCHEDULES shall be tagged. In addition, intra-CONTROL AREA transfers using Point-to-Point Transmission Service² shall be tagged. This includes:
- INTERCHANGE TRANSACTIONS (those that are between CONTROL AREAS).
 - TRANSACTIONS that are entirely within a CONTROL AREA.
 - DYNAMIC INTERCHANGE SCHEDULES (tagged at the expected average MW profile for each hour). (Note: a change in the hourly energy profile of 25% or more requires a revised tag.)
 - INTERCHANGE TRANSACTIONS for bilateral INADVERTENT INTERCHANGE payback (tagged by the SINK CONTROL AREA).
 - INTERCHANGE TRANSACTIONS established to replace unexpected generation loss, such as through prearranged reserve sharing agreements or other arrangements, are exempt from tagging for 60 minutes from the time at which the INTERCHANGE TRANSACTION begins (tagged by the SINK CONTROL AREA). [See also, **Policy 1E2 and 2.1, “Disturbance Control Standard”**]
- 2.2. Parties to whom the complete tag is provided.** The tag, including all updates and notifications, shall be provided to the following entities:
- Generation Providing Entity
 - Generation CONTROL AREA
 - TRANSMISSION PROVIDERS
 - Transmission Customers
 - Scheduling Entities (INTERMEDIARY CONTROL AREAS)
 - Intermediate PURCHASING-SELLING ENTITIES (Title-Holders)
 - Load CONTROL AREA
 - LOAD-SERVING ENTITY
 - Market Redispatch Notification Entities (if specified)
 - Security Analysis Services
- 2.3. Method of transmitting the tag.** The PURCHASING-SELLING ENTITY shall submit the INTERCHANGE TRANSACTION tag in the format established by each INTERCONNECTION. [“E-Tag Reference Document” or “Transaction Tagging Process within ERCOT Reference Document”]
- 2.3.1. Tags for INTERCHANGE TRANSACTIONS that cross INTERCONNECTION boundaries.** Procedures are found in **Appendix 3A2, “Tagging Across Interconnection Boundaries.”**
- 2.4. INTERCHANGE TRANSACTION submission time.** To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTIONS shall be submitted as specified in **Appendix 3A1, “Tag Submission and Response Timetable.”**

² This includes all “grandfathered” and other “non-888” Point-to-Point Transmission Service

A. Interchange Transaction Implementation

- 2.4.1. Exception for security reasons.** Exception to the submission time requirements in Section 2.4 is allowed if immediate changes to the INTERCHANGE TRANSACTIONS are required to mitigate an OPERATING SECURITY LIMIT violation. The tag may be submitted after the emergency TRANSACTION has been implemented but no later than 60 minutes.
- 2.5. Confirmation of tag receipt.** Confirmation of tag receipt shall be provided to the PURCHASING-SELLING ENTITY who submitted the tag in accordance with INTERCONNECTION tagging practices. [**“E-Tag Reference Document”**]
- 2.6. Tag acceptance.** An INTERCHANGE TRANSACTION tag shall be accepted if all required information is valid and provided in accordance with the tagging specifications in Requirement 2.
- 3. INTERCHANGE TRANSACTION tag receipt verification.** The SINK CONTROL AREA shall verify the receipt of each INTERCHANGE TRANSACTION tag with the TRANSMISSION PROVIDERS, and CONTROL AREAS on the SCHEDULING PATH before the INTERCHANGE TRANSACTION is implemented.
- 4. INTERCHANGE TRANSACTION assessment.** Generation Providing Entities, LOAD SERVING ENTITIES, TRANSMISSION PROVIDERS, CONTROL AREAS on the SCHEDULING PATH, and other operating entities responsible for operational security shall be responsible for assessing and “approving” or “denying” INTERCHANGE TRANSACTIONS as requested by PURCHASING-SELLING ENTITIES, based on established reliability criteria and adequacy of INTERCONNECTED OPERATIONS SERVICES and transmission rights as well as the reasonableness of the INTERCHANGE TRANSACTION tag. GENERATION PROVIDING ENTITIES and LOAD SERVING ENTITIES may elect to defer their approval responsibility to their HOST CONTROL AREA. This assessment shall include the following:

 - The CONTROL AREA assesses:**

 - TRANSACTION start and end time
 - Energy profile (ability of generation maneuverability to accommodate)
 - SCHEDULING PATH (proper connectivity of ADJACENT CONTROL AREAS)
 - The TRANSMISSION PROVIDER assesses:**

 - Valid OASIS reservation number or transmission contract identifier
 - Proper transmission priority
 - Energy profile accommodation (does energy profile fit OASIS reservation?)
 - OASIS reservation accommodation of all INTERCHANGE TRANSACTIONS
 - Loss accounting
 - The Generation Providing Entity and LOAD-SERVING ENTITY assess:**

 - TRANSACTION is valid representation of contractually agreed upon energy delivery

4.1. Tag corrections. During the CONTROL AREAS’ and TRANSMISSION PROVIDERS’ Assessment Time, the PURCHASING-SELLING ENTITY who submitted the tag may elect to submit a tag correction. Tag corrections are changes to an existing tag that do not affect the reliability impacts of the INTERCHANGE TRANSACTION; therefore, tag corrections do not require the complete re-assessment of the tag by all CONTROL AREAS and

NERC expects that Approval Entities have the proper resources to perform these assessments. Lack of these tools is not a reason to deny an Interchange Transaction. Resources include personnel and tools.

A. Interchange Transaction Implementation

TRANSMISSION PROVIDERS on the SCHEDULING PATH, or the completion and submission of a new tag by the PURCHASING-SELLING ENTITY. The SINK CONTROL AREA shall notify all CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH of the correction, and specifically alert those entities for which a correction has impact. Entities who are impacted by the correction will have an opportunity to reevaluate the tag status. The timing requirements for corrections are found in **Appendix 3A1, “Tag Submission and Response Timetable.”** Tag items that may be corrected are found in **Appendix 3A4, “Required Tag Data.”** A description of those entities who may correct an INTERCHANGE TRANSACTION tag is found in **Appendix 3D, “Transaction Tag Actions.”** [See **Appendix 3A1 Subsection C, Interchange Transaction Corrections**]

5. **INTERCHANGE TRANSACTION approval or denial.** Each CONTROL AREA or TRANSMISSION PROVIDER on the SCHEDULING PATH responsible for assessing and “approving” or “denying” the INTERCHANGE TRANSACTION shall notify the SINK CONTROL AREA. The SINK CONTROL AREA in turn notifies the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag, plus all other CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH. Assessment timing requirements are found in **Appendix 3A1, “Tag Submission and Response Timetable.”** A description of those entities who may approve or deny an INTERCHANGE TRANSACTION is found in **Appendix 3D, “Transaction Tag Actions.”**
 - 5.1. **INTERCHANGE TRANSACTION denial.** If denied, this notification shall include the reason for the denial.
 - 5.2. **INTERCHANGE TRANSACTION approval.** The INTERCHANGE TRANSACTION is considered approved if the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag has received confirmation of tag receipt and has not been notified that the transaction is denied.
6. **Responsibility for INTERCHANGE TRANSACTION implementation.** The SINK CONTROL AREA is responsible for initiating the implementation of each INTERCHANGE TRANSACTION as tagged in accordance with Policy 3.A. Requirement 2 (and its subparts). The INTERCHANGE TRANSACTION is incorporated into the INTERCHANGE SCHEDULE(S) of all CONTROL AREAS on the SCHEDULING PATH in accordance with Policy 3B.
 - 6.1. **Tag requirements for INTERCHANGE TRANSACTION implementation.** The CONTROL AREA shall implement only those INTERCHANGE TRANSACTIONS that:
 - Have been tagged in accordance with Requirement 2 above, or,
 - Are exempt from tagging in accordance with Requirement 2.1 above.
7. **Tag requirements after curtailment has ended.** After the curtailment of a TRANSACTION has ended, the INTERCHANGE TRANSACTION’S energy profile will return to the originally requested level unless otherwise specified by the PURCHASING-SELLING ENTITY. [See **Interchange Transaction Reallocation During TLR Levels 3a and 5a Reference Document, Version 1 Draft 6**]
8. **Confidentiality of information.** RELIABILITY COORDINATORS, CONTROL AREAS, TRANSMISSION PROVIDERS, PURCHASING-SELLING ENTITIES, and entities serving as tag agents or service providers as provided in the **“E-Tag Reference Document”** shall not disclose INTERCHANGE TRANSACTION information to any PURCHASING-SELLING ENTITY except as provided for in Requirement 2.2 above, **“Parties to whom the complete tag is provided.”**

B. Interchange Schedule Implementation

[Policy 2A, “Transmission—Transmission Operations”]

Introduction

This section explains CONTROL AREA requirements for implementing the INTERCHANGE SCHEDULES that result from the INTERCHANGE TRANSACTIONS tagged by the PURCHASING-SELLING ENTITIES in Section A.

Requirements

1. **CONTROL AREAS must be adjacent.** INTERCHANGE SCHEDULES shall only be implemented between ADJACENT CONTROL AREAS.
2. **Sharing INTERCHANGE SCHEDULES details.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA must provide the details of their INTERCHANGE SCHEDULES via the Interregional Security Network as specified in Policy 4.B.
3. **Providing tags for approved TRANSACTIONS to the RELIABILITY COORDINATOR.** The SINK CONTROL AREA shall provide its RELIABILITY COORDINATOR the information from the INTERCHANGE TRANSACTION tag electronically for each Approved INTERCHANGE TRANSACTION.
4. **INTERCHANGE SCHEDULE confirmation and implementation.** The RECEIVING CONTROL AREA is responsible for initiating the confirmation and implementation of the INTERCHANGE SCHEDULE with the SENDING CONTROL AREA.
 - 4.1. **INTERCHANGE SCHEDULE agreement.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall agree with each other on the:
 - INTERCHANGE SCHEDULE start and end time
 - Ramp start time and rate
 - Energy profile

This agreement shall be made before either the SENDING CONTROL AREA or RECEIVING CONTROL AREA makes any generation changes to implement the INTERCHANGE SCHEDULE.

 - 4.1.1. **INTERCHANGE SCHEDULE standards.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall comply with the INTERCHANGE SCHEDULE Standards in **Policy 3C, “Interchange – Schedule Standards.”**
 - 4.1.2. **Operating reliability criteria.** CONTROL AREAS shall operate such that INTERCHANGE SCHEDULES or schedule changes do not knowingly cause any other systems to violate established operating reliability criteria.
 - 4.1.3. **DC tie operator.** SENDING CONTROL AREAS and RECEIVING CONTROL AREAS shall coordinate with any DC tie operators on the SCHEDULING PATH.
5. **Maximum scheduled interchange.** The maximum NET INTERCHANGE SCHEDULE between two CONTROL AREAS shall not exceed the lesser of the following:
 - 5.1. **Total capacity of facilities.** The total capacity of both the owned and arranged-for transmission facilities in service between the two CONTROL AREAS, or

B. Interchange Schedule Implementation

- 5.2. Total Transfer Capability.** The established network Total Transfer Capability (TTC) between the CONTROL AREAS, which considers other transmission facilities available to them under specific arrangements, and the overall physical constraints of the transmission network. Total Transfer Capability is defined in *Available Transfer Capability Definitions and Determination*, NERC, June 1996.

C. Interchange Schedule Standards

Standards

1. **INTERCHANGE SCHEDULE start and end time.** INTERCHANGE SCHEDULES shall begin and end at a time agreed to by the SOURCE CONTROL AREA, SINK CONTROL AREA, and the INTERMEDIARY CONTROL AREAS.
2. **Ramp start times.** CONTROL AREAS shall ramp the INTERCHANGE equally across the start and end times of the schedule.
3. **Ramp duration.** CONTROL AREAS shall use the ramp duration established by their INTERCONNECTION as follows unless they agree otherwise:
 - 3.1. **INTERCHANGE SCHEDULES within the Eastern and ERCOT INTERCONNECTIONS.** ten-minute ramp duration.
 - 3.2. **INTERCHANGE SCHEDULES within the Western INTERCONNECTION.** 20-minute ramp duration.
 - 3.3. **INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary.** The CONTROL AREAS that implement INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary must use the same start time and ramp durations.
 - 3.4. **Exceptions for Compliance with Disturbance Control Standard and Line Load Relief.** Ramp durations for INTERCHANGE SCHEDULES implemented for compliance with NERC's Disturbance Control Standard (recovery from a disturbance condition) and INTERCHANGE TRANSACTION curtailment in response to line loading relief procedures may be shorter, but must be identical for the SENDING CONTROL AREA and RECEIVING CONTROL AREA [See also Policy 1E2, "Generation Control Performance – Performance Standard."]
4. **INTERCHANGE SCHEDULE accounting.** Block accounting shall be used.

D. Interchange Transaction Modifications

Introduction

This section specifies PURCHASING-SELLING ENTITY's, TRANSMISSION PROVIDER's and CONTROL AREA's rights and requirements for modifying an INTERCHANGE TRANSACTION tag after it has been approved and implemented as described in the preceding sections.

Requirements

- 1. INTERCHANGE TRANSACTION modification for market-related issues.** The PURCHASING-SELLING ENTITY that submitted an INTERCHANGE TRANSACTION tag may modify an INTERCHANGE TRANSACTION tag that is in progress or scheduled to be started. These modifications may be made due to changes in contracts, economic decisions, or other market-based influences. In cases where a Market Operator is serving as the source or sink for a TRANSACTION, then they shall have the right to effect changes to the energy flow as well (based on the results of the market clearing).
 - 1.1. Increases.** The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be increased to reflect a desire to flow more energy or commit more transmission than originally requested. Necessary transmission must be either available from the earlier TRANSACTION or provided with the increase.
 - 1.2. Extensions.** The INTERCHANGE TRANSACTION tag's energy profile may be extended to reflect a desire to flow energy during hours not previously specified. Necessary transmission capacity must be provided with the extension.
 - 1.3. Reductions.** The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be reduced to reflect a desire to flow less energy or commit less transmission than originally requested. Reductions are used to indicate cancellations and terminations, as well as partial decreases.
 - 1.4. Combinations of 1.1, 1.2, and 1.3 may be submitted concurrently.**
 - 1.5. Coordination responsibilities of the PURCHASING-SELLING ENTITY.** The modification must be provided by the PURCHASING-SELLING ENTITY to the following INTERCHANGE TRANSACTION participants:
 - Generation Providing Entity
 - Generation CONTROL AREA
 - Transmission Providers
 - TRANSMISSION CUSTOMERS
 - Scheduling Entities (INTERMEDIARY CONTROL AREAS)
 - Intermediate PURCHASING-SELLING ENTITIES (Title-holders)
 - Load CONTROL AREA
 - LOAD-SERVING ENTITY
 - Market Redispatch Notification Entities (if specified)
 - Security Analysis Services

FERC Orders 888, 889, 638, and a provider's OATT guide transmission requests. Tagging policy shall not supersede OASIS requirements.

D. Interchange Transaction Modifications

- 1.6. **INTERCHANGE TRANSACTION modification confirmation.** Depending on the type of change, certain entities must evaluate and approve or deny the INTERCHANGE TRANSACTION modification. The following tables illustrate the entities required to evaluate the modification and the criteria they should use in their evaluation. All other entities will be notified of the request.

Until the next revision of E-Tag 1.7.1 all entities will be required to approve or deny market initiated profile changes. Table 1.6 indicates the behaviors for E-Tag 1.7.1.

Table 1.6 – Interchange Transaction Modification

Until further notice, requirements and responsibilities listed below for “DC Tie Operating Transmission Providers” should be assigned to “DC Tie Operating Control Areas associated with a POR or POD that has been registered as a DC Tie Facility.”

<i>Type of Change</i>	<i>Evaluation Required of</i>	<i>Evaluation Criteria</i>
Net Increases in Committed Transmission Reservations or changes in Loss Provision	Transmission Provider(s)	All requirements under the provider’s OATT must be satisfied
	DC Tie Operating Transmission Provider(s)	DC tie can accommodate the requested capacity
Net Decreases in Committed Transmission Reservations	Transmission Provider(s) if energy flow exceeds Committed Transmission Reservations; otherwise no approval is necessary	All requirements under the provider’s OATT must be satisfied
	DC Tie Operating Transmission Provider(s) if energy flow exceeds Committed Transmission Reservations; otherwise no approval is necessary	DC tie can accommodate the requested capacity
Increases in Energy Flow	Generation Control Area	Ability of generation maneuverability to accommodate the indicated energy profile (i.e., verify ramping capability, availability)
	Transmission Provider(s) if energy flow exceeds available capacity; otherwise no approval is necessary	All requirements under the provider’s OATT must be satisfied
	DC Tie Operating Transmission Provider(s)	DC tie can accommodate the requested flow
	Load Control Area	Ability of generation and/or load maneuverability to accommodate the indicated demand profile (i.e., verify ramping capability, availability)
Decreases in Energy Flow	Generation Control Area	Ability of generation maneuverability to accommodate the indicated energy profile (i.e., verify ramping capability, availability)
	DC Tie Operating Transmission Provider(s)	DC tie can accommodate the requested flow

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D. Interchange Transaction Modifications

Type of Change	Evaluation Required of	Evaluation Criteria
	Load Control Area	Ability of generation and/or load maneuverability to accommodate the indicated demand profile (i.e., verify ramping capability, availability)
<p>The above requirements are cumulative; an increase in energy flow also requires a corresponding increase in capacity, then the requirements for both must be met (i.e., evaluators would be generation Control Area, LOAD Control Area, INTERMEDIARY Control Areas, TRANSMISSION PROVIDERS, DC tie operating TRANSMISSION PROVIDER(S), generation providing entity*, LOAD-SERVING ENTITY*).</p> <p>In all the above cases, all previously defined viewing entities for the transaction will have rights to view the above requested changes.</p> <p>*GPEs and LSEs may provide their own approval service. The HOST CONTROL AREA is the default provider for approval services.</p>		

1.7. INTERCHANGE TRANSACTION modification and evaluation time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in Section D of **Appendix 3A1, “Tag Submission and Evaluation Timetable.”**

2. INTERCHANGE TRANSACTION modification for reliability-related issues. A RELIABILITY AUTHORITY, TRANSMISSION PROVIDER, GENERATION CONTROL AREA, or LOAD CONTROL AREA may modify an INTERCHANGE TRANSACTION tag that is in progress or scheduled to be started. These modifications may be made *only* due to TLR events (or other regional congestion management practices), Loss of Generation, or Loss of Load.

2.1. Assignment of coordination responsibilities during TLR events. At such times when TLR is required to ensure reliable operation of the electrical system, and the TLR requires holding or curtailing INTERCHANGE TRANSACTIONS, the LOAD CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags. See **Policy 9, Appendix 9C1 “Transmission Loading Relief Procedure.”**

2.1.1. Reductions. When a RELIABILITY AUTHORITY must curtail or hold an INTERCHANGE TRANSACTION to respect TRANSMISSION SERVICE reservation priorities or to mitigate potential or actual OPERATING SECURITY LIMIT violations, the RELIABILITY AUTHORITY shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the greatest reliable level at which the affected INTERCHANGE TRANSACTION may flow.

2.1.2. Reloads. At such time as the TLR event allows for the reloading of the transaction, the RELIABILITY AUTHORITY shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the releasing of the INTERCHANGE TRANSACTION’S limit.

2.2. Coordination when implementing other congestion management procedures. As a part of some local and regional congestion management and transmission line overload procedures, the TRANSMISSION PROVIDER is responsible for implementing curtailment of INTERCHANGE TRANSACTIONS. The TRANSMISSION PROVIDER may adjust the INTERCHANGE TRANSACTION tags as required to implement those local and regional congestion management or transmission overload relief procedures that have been approved by the Region(s) or NERC.

directly if the Entity is the Tag Author or a Market Operator). If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA may at its discretion curtail INTERCHANGE TRANSACTIONS associated with the load.

Until further notice, requirements and responsibilities listed below for “DC Tie Operating Transmission Providers” should be assigned to “DC Tie Operating Control Areas associated with a POR or POD that has been registered as a DC Tie Facility.”

2.4.2. Reloads. Upon return of the load, THE LOAD-SERVING ENTITY shall notify its HOST CONTROL AREA (the LOAD CONTROL AREA for the INTERCHANGE TRANSACTION) and determine what schedule modifications need to be made. The LOAD-SERVING ENTITY may request those modifications as market-based reductions, increases, or extensions (either via the Tag Author, or directly if the Entity is the Tag Author or a Market Operator). If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA must release the limits previously imposed on INTERCHANGE TRANSACTIONS associated with the load (but not override any market-based reductions).

2.5. Coordination responsibilities of the requesting CONTROL AREA. The modification must be provided by the Requesting CONTROL AREA to the following INTERCHANGE TRANSACTION participants:

- Generation Providing Entity
- Generation CONTROL AREA
- TRANSMISSION PROVIDERS
- Transmission Customers
- Scheduling Entities (INTERMEDIATE CONTROL AREAS)
- Intermediate PURCHASING-SELLING ENTITIES (Title-holders)
- Load CONTROL AREA
- LOAD-SERVING ENTITY
- Market Redispatch Notification Entities (if specified)
- Security Analysis Services

2.6. INTERCHANGE TRANSACTION modification confirmation. Reliability-based modifications must be evaluated and confirmed prior to implementation. The following table illustrates the entities required to evaluate and the criteria they should use in their evaluation. All other entities will be notified of the request.

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D. Interchange Transaction Modifications

<i>Reliability-Based Modification Evaluation</i>	
Generation Control Area	<ul style="list-style-type: none">• Energy profile (ability of generation to accommodate)
DC Tie Operating Transmission Providers or Control Areas	<ul style="list-style-type: none">• Energy profile (ability of tie to accommodate)
Load Control Area	<ul style="list-style-type: none">• Energy profile (ability of load to accommodate)

- 2.7. **INTERCHANGE TRANSACTION modification and evaluation time.** To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in **Appendix 3A1, “Tag Submission and Evaluation Timetable.”**

Item 8. Policy 3 Spreadsheet – Andy Rodriguez

- a. E-Tag survey and enhancements
- b. Map Policy 3 to reliability standards and business practices
- c. E-Tagging – Define what goes where

Background

Andy Rodriguez will lead the discussion on the Interchange Subcommittee's Policy 3 spreadsheet that defines which items in Policy 3 are potential business practices and which are potential reliability standards. Andy Rodriguez and Al Boesch provided the first drafts of the Policy 3 breakdown documents. These documents may be revised before the meeting.

Attachments

Email from Andy Rodriguez on Attachment 8a — Andy stated: I'm going to take the existing Policy and mark it with colors (red=reliability and green = market, blue = other) and then use the "add comment" feature in Word to add comments. We'll probably want to split some things like we talked about (for example, in the future "submission time" probably needs a market piece that is out of scope and then a deadline for the IA). I think that is going to be the trick - trying to read the policy and figure out how it looks without E-Tag but in light of the New World.

- 8a Interchange Subcommittee Breakdown of Policy 3 Reliability and Business Practices Spreadsheet
- 8b Policy 3 Reliability Standards Spreadsheet

Reliability Analysis

Red=Reliability
Green = Market
Blue = Other

Policy 3 – Interchange

Version 5.2

A. Interchange Transaction Implementation

[Policy 2A, “Transmission—Transmission Operations”]

[Appendix 3A1, “Tag Submission and Response Timetables”]

[Appendix 3A2, “Tagging Across Interconnection Boundaries”]

[“E-Tag Spec”]

[“Transaction Tagging Process within ERCOT Reference Document”]

Introduction

This section specifies the PURCHASING-SELLING ENTITY’S requirements for tagging all INTERCHANGE TRANSACTIONS, the CONTROL AREAS’ and TRANSMISSION PROVIDERS’ obligations for accepting the tags, and CONTROL AREAS’ obligations for implementing the INTERCHANGE TRANSACTIONS. The tag data is integral for providing the CONTROL AREAS, RELIABILITY COORDINATORS, and other operating entities the information they need to assess, confirm, approve or deny, implement, and curtail INTERCHANGE TRANSACTIONS as necessary to accommodate the marketplace and ensure the operational security of the INTERCONNECTION.

Requirements

1. **INTERCHANGE TRANSACTION arrangements.** The PURCHASING-SELLING ENTITY shall arrange for all Transmission Services, tagging, and contact personnel for each INTERCHANGE TRANSACTION to which it is a party. 
- 1.1. **Transmission services.** The PURCHASING-SELLING ENTITY shall arrange the Transmission Services necessary for the receipt, transfer, and delivery of the TRANSACTION. 
- 1.2. **Tagging.** The PURCHASING-SELLING ENTITY serving the load shall be responsible for providing the INTERCHANGE TRANSACTION tag. (Note: 1. Any PSE may provide the tag; however, the load-serving PSE is responsible for ensuring that a single tag is provided. 2. If a PSE is not involved in the TRANSACTION, such as delivery from a jointly owned generator, then the SINK CONTROL AREA is responsible for providing the tag. PSEs must provide tags for all INTERCHANGE TRANSACTIONS in accordance with Requirement 2.) 
- 1.3. **Contact personnel.** Each PURCHASING-SELLING ENTITY with title to an INTERCHANGE TRANSACTION must have, or arrange to have, personnel directly and immediately available for notification of INTERCHANGE TRANSACTION changes. These personnel shall be available from the time that title to the INTERCHANGE TRANSACTION is acquired until the INTERCHANGE TRANSACTION has been completed. 
- 1.4. **E-Tag monitoring.** CONTROL AREAS, TRANSMISSION PROVIDERS, and PURCHASING-SELLING ENTITIES who are responsible for a tagged TRANSACTION shall have facilities to

A. Interchange Transaction Implementation

receive unsolicited notification from the Tag Authority of changes in the status of a tag with which the user is a participant. 

2. **INTERCHANGE TRANSACTION tagging.** Each INTERCHANGE TRANSACTION shall be tagged before implementation as required by each INTERCONNECTION as specified in the **“E-Tag Spec”** or **“Transaction Tagging Process within ERCOT Reference Document.”** In addition to providing necessary operating information, the INTERCHANGE TRANSACTION tag is the official request from the PURCHASING-SELLING ENTITY to the CONTROL AREAS to implement the INTERCHANGE TRANSACTION. The information that must be provided on the tag is listed in **Appendix 3A4.**

2.1. Application to TRANSACTIONS. All INTERCHANGE TRANSACTIONS and certain INTERCHANGE SCHEDULES shall be tagged. In addition, intra-CONTROL AREA transfers using Point-to-Point Transmission Service¹ shall be tagged. This includes:

- INTERCHANGE TRANSACTIONS (those that are between CONTROL AREAS).
- TRANSACTIONS that are entirely within a CONTROL AREA.
- DYNAMIC INTERCHANGE SCHEDULES (tagged at the expected average MW profile for each hour). (Note: a change in the hourly energy profile of 25% or more requires a revised tag.)
- INTERCHANGE TRANSACTIONS for bilateral INADVERTENT INTERCHANGE payback (tagged by the SINK CONTROL AREA).
- INTERCHANGE TRANSACTIONS established to replace unexpected generation loss, such as through prearranged reserve sharing agreements or other arrangements, are exempt from tagging for 60 minutes from the time at which the INTERCHANGE TRANSACTION begins (tagged by the SINK CONTROL AREA). [See also, Policy 1E2 and 2.1, “Disturbance Control Standard”] 

2.2. Parties to whom the complete tag is provided. The tag, including all updates and notifications, shall be provided to the following entities:

- Generation Providing Entity
- Generation CONTROL AREA
- TRANSMISSION PROVIDERS
- Transmission Customers
- SCHEDULING ENTITIES
- Intermediate PURCHASING-SELLING ENTITIES (Title-Holders)
- Load CONTROL AREA
- LOAD-SERVING ENTITY
- Market Redispatch Notification Entities (if specified)

¹ This includes all “grandfathered” and other “non-888” Point-to-Point Transmission Service

A. Interchange Transaction Implementation

- Security Analysis Services

2.3. Method of transmitting the tag. The PURCHASING-SELLING ENTITY shall submit the INTERCHANGE TRANSACTION tag in the format established by each INTERCONNECTION. [**“E-Tag Spec” or “Transaction Tagging Process within ERCOT Reference Document”**]

2.3.1. Tags for INTERCHANGE TRANSACTIONS that cross INTERCONNECTION boundaries. Procedures are found in **Appendix 3A2, “Tagging Across Interconnection Boundaries.”**

2.4. INTERCHANGE TRANSACTION submission time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTIONS shall be submitted as specified in **Appendix 3A1, “Tag Submission and Response Timetable.”**

2.4.1. Exception for security reasons. Exception to the submission time requirements in Section 2.4 is allowed if **immediate changes** the INTERCHANGE TRANSACTIONS are required to mitigate an OPERATING SECURITY LIMIT violation. The tag may be submitted after the emergency TRANSACTION has been implemented but no later than 60 minutes.

2.5. Confirmation of tag receipt. Confirmation of tag receipt shall be provided to the PURCHASING-SELLING ENTITY who submitted the tag in accordance with INTERCONNECTION tagging practices. [**“E-Tag Spec”**]

2.6. Tag acceptance. An INTERCHANGE TRANSACTION tag shall be accepted if all required information is valid and provided in accordance with the tagging specifications in Requirement 2.

3. INTERCHANGE TRANSACTION tag receipt verification. The SINK CONTROL AREA shall verify the receipt of each INTERCHANGE TRANSACTION tag with the TRANSMISSION PROVIDERS, and CONTROL AREAS on the SCHEDULING PATH before the INTERCHANGE TRANSACTION is implemented.

4. INTERCHANGE TRANSACTION assessment. GENERATION PROVIDING ENTITIES, LOAD SERVING ENTITIES, TRANSMISSION PROVIDERS, CONTROL AREAS on the SCHEDULING PATH, and other operating entities responsible for operational security shall be responsible for assessing and “approving” or “denying” INTERCHANGE TRANSACTIONS as requested by PURCHASING-SELLING ENTITIES, based on established reliability criteria and adequacy of INTERCONNECTED OPERATIONS SERVICES and transmission rights as well as the reasonableness of the INTERCHANGE TRANSACTION tag. GENERATION PROVIDING ENTITIES and LOAD SERVING ENTITIES may elect to defer their approval responsibility to their HOST CONTROL AREA. This assessment shall include the following:

NERC expects that Approval Entities have the proper resources to perform these assessments. Lack of these tools is not a reason to deny an Interchange Transaction. Resources include personnel and tools.

The CONTROL AREA assesses:

- TRANSACTION start and end time

A. Interchange Transaction Implementation

- ENERGY PROFILE (ABILITY OF GENERATION MANEUVERABILITY TO ACCOMMODATE)
- SCHEDULING PATH (proper connectivity of ADJACENT CONTROL AREAS)

The TRANSMISSION PROVIDER assesses:

- Valid OASIS reservation number or transmission contract identifier
- Proper transmission priority
- Energy profile accommodation (does energy profile fit OASIS reservation?)
- OASIS reservation accommodation of all INTERCHANGE TRANSACTIONS
- Loss accounting

The GENERATION PROVIDING ENTITY and LOAD-SERVING ENTITY assess:

- Transaction is valid representation of contractually agreed upon energy delivery

4.1. Tag corrections. During the CONTROL AREAS' and TRANSMISSION PROVIDERS' assessment time, the PURCHASING-SELLING ENTITY who submitted the tag may elect to submit a tag correction. Tag corrections are changes to an existing tag that do not affect the reliability impacts of the INTERCHANGE TRANSACTION; therefore, tag corrections do not require the complete re-assessment of the tag by all CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH, or the completion and submission of a new tag by the PURCHASING-SELLING ENTITY. The SINK CONTROL AREA shall notify all CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH of the correction, and specifically alert those entities for which a correction has impact. Entities who are impacted by the correction will have an opportunity to reevaluate the tag status. The timing requirements for corrections are found in **Appendix 3A1, "Tag Submission and Response Timetable."** Tag items that may be corrected are found in **Appendix 3A4, "Required Tag Data."** A description of those entities who may correct an INTERCHANGE TRANSACTION tag is found in **Appendix 3D, "Transaction Tag Actions."** [See Appendix 3A1 Subsection C, Interchange Transaction Corrections.] 

5. INTERCHANGE TRANSACTION approval or denial. Each CONTROL AREA or TRANSMISSION PROVIDER on the SCHEDULING PATH responsible for assessing and "approving" or "denying" the INTERCHANGE TRANSACTION shall notify the SINK CONTROL AREA. The SINK CONTROL AREA in turn notifies the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag, plus all other CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH. Assessment timing requirements are found in **Appendix 3A1, "Tag Submission and Response Timetable."** A description of those entities who may approve or deny an INTERCHANGE TRANSACTION is found in **Appendix 3D, "Transaction Tag Actions."** 

5.1. INTERCHANGE TRANSACTION denial. If denied, this notification shall include the reason for the denial. 

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- 5.2. INTERCHANGE TRANSACTION approval.** The INTERCHANGE TRANSACTION is considered approved if the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag has received confirmation of tag receipt and has not been notified that the transaction is denied. 
- 6. Responsibility for INTERCHANGE TRANSACTION implementation.** The SINK CONTROL AREA is responsible for initiating the implementation of each INTERCHANGE TRANSACTION as tagged in accordance with Policy 3.A. Requirement 2 (and its subparts). The INTERCHANGE TRANSACTION is incorporated into the INTERCHANGE SCHEDULE(S) of all CONTROL AREAS on the SCHEDULING PATH in accordance with Policy 3B.
- 6.1. Tag requirements for INTERCHANGE TRANSACTION implementation.** The CONTROL AREA shall implement only those INTERCHANGE TRANSACTIONS that:
- Have been tagged in accordance with Requirement 2 above, or,
 - Are exempt from tagging in accordance with Requirement 2.1 above. 
- 7. Tag requirements after curtailment has ended.** After the curtailment of a TRANSACTION has ended, the INTERCHANGE TRANSACTION’S energy profile will return to the originally requested level unless otherwise specified by the PURCHASING-SELLING ENTITY. [See **Interchange Transaction Reallocation During TLR Levels 3a and 5a Reference Document, Version 1 Draft 6.**] 

Confidentiality of information. RELIABILITY COORDINATORS, CONTROL AREAS, TRANSMISSION PROVIDERS, PURCHASING-SELLING ENTITIES, and entities serving as tag agents or service providers as provided in the “E-Tag Spec” shall not disclose INTERCHANGE TRANSACTION information to any PURCHASING-SELLING ENTITY except as provided for in Requirement 2.2 above, **“Parties to whom the complete tag is provided.”** 

B. Interchange Schedule Implementation

[Policy 2A, “Transmission—Transmission Operations”]

1.

Introduction

This section explains CONTROL AREA requirements for implementing the INTERCHANGE SCHEDULES that result from the INTERCHANGE TRANSACTIONS tagged by the PURCHASING-SELLING ENTITIES in Section A.

Requirements

1. **CONTROL AREAS must be adjacent.** INTERCHANGE SCHEDULES shall only be implemented between ADJACENT CONTROL AREAS. 
2. **Sharing INTERCHANGE SCHEDULES details.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA must provide the details of their INTERCHANGE SCHEDULES via the Interregional Security Network as specified in Policy 4.B. 
3. **Providing tags for approved TRANSACTIONS to the RELIABILITY COORDINATOR.** The SINK CONTROL AREA shall provide its RELIABILITY COORDINATOR the information from the INTERCHANGE TRANSACTION tag electronically for each Approved INTERCHANGE TRANSACTION. 
4. **INTERCHANGE SCHEDULE confirmation and implementation.** The RECEIVING CONTROL AREA is responsible for initiating the confirmation and implementation of the INTERCHANGE SCHEDULE with the SENDING CONTROL AREA.
 - 4.1. **INTERCHANGE SCHEDULE agreement.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall agree with each other on the:
 - INTERCHANGE SCHEDULE start and end time
 - Ramp start time and rate
 - Energy profile

This agreement shall be made before either the SENDING CONTROL AREA or RECEIVING CONTROL AREA makes any generation changes to implement the INTERCHANGE SCHEDULE. 

 - 4.1.1. **INTERCHANGE SCHEDULE standards.** The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall comply with the INTERCHANGE SCHEDULE Standards in Policy 3C, “Interchange – Schedule Standards.”
 - 4.1.2. **Operating reliability criteria.** CONTROL AREAS shall operate such that INTERCHANGE SCHEDULES or schedule changes do not knowingly cause any other systems to violate established operating reliability criteria. 
 - 4.1.3. **DC tie operator.** SENDING CONTROL AREAS and RECEIVING CONTROL AREAS shall coordinate with any DC tie operators on the SCHEDULING PATH. 

B. Interchange Schedule Implementation

5. Maximum scheduled interchange. The maximum NET INTERCHANGE SCHEDULE between two CONTROL AREAS shall not exceed the lesser of the following:

5.1. Total capacity of facilities. The total capacity of both the owned and arranged-for transmission facilities in service between the two CONTROL AREAS, or

5.2. Total Transfer Capability. The established network Total Transfer Capability (TTC) between the CONTROL AREAS, which considers other transmission facilities available to them under specific arrangements, and the overall physical constraints of the transmission network. Total Transfer Capability is defined in *Available Transfer Capability Definitions and Determination*, NERC, June 1996. 

2.

C. Interchange Schedule Standards

Standards

1. **INTERCHANGE SCHEDULE start and end time.** INTERCHANGE SCHEDULES shall begin and end at a time agreed to by the SOURCE CONTROL AREA, SINK CONTROL AREA, and the INTERMEDIARY CONTROL AREAS.
2. **Ramp start times.** CONTROL AREAS shall ramp the INTERCHANGE equally across the start and end times of the schedule.
3. **Ramp duration.** CONTROL AREAS shall use the ramp duration established by their INTERCONNECTION as follows unless they agree otherwise: 
 - 3.1. **INTERCHANGE SCHEDULES within the Eastern and ERCOT INTERCONNECTIONS.** ten-minute ramp duration.
 - 3.2. **INTERCHANGE SCHEDULES within the Western INTERCONNECTION.** 20-minute ramp duration.
 - 3.3. **INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary.** The CONTROL AREAS that implement INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary must use the same start time and ramp durations. 
 - 3.4. **Exceptions for Compliance with Disturbance Control Standard and Line Load Relief.** Ramp durations for INTERCHANGE SCHEDULES implemented for compliance with NERC's Disturbance Control Standard (recovery from a disturbance condition) and INTERCHANGE TRANSACTION curtailment in response to line loading relief procedures may be shorter, but must be identical for the SENDING CONTROL AREA and RECEIVING CONTROL AREA [See also Policy 1E2, "Generation Control Performance – Performance Standard."] 
4. **INTERCHANGE SCHEDULE accounting.** Block accounting shall be used. 

D. Interchange Transaction Modifications

Introduction

This section specifies PURCHASING-SELLING ENTITY's, TRANSMISSION PROVIDER's and CONTROL AREA's rights and requirements for modifying an INTERCHANGE TRANSACTION tag after it has been approved and implemented as described in the preceding sections.

Terms

SCHEDULING ENTITY – an entity responsible for approving and implementing INTERCHANGE SCHEDULES. SCHEDULING ENTITY refers to a CONTROL AREA or a third party authorized by NERC for this function, such as a Scheduling Agent.

Requirements

1. INTERCHANGE TRANSACTION modification for market-related issues. The PURCHASING-SELLING ENTITY that submitted an INTERCHANGE TRANSACTION tag may modify an INTERCHANGE TRANSACTION tag that is in progress or scheduled to be started. These modifications may be made due to changes in contracts, economic decisions, or other market-based influences. In cases where a market operator is serving as the source or sink for a TRANSACTION, then they shall have the right to effect changes to the energy flow as well (based on the results of the market clearing).

- 1.1. Increases.** The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be increased to reflect a desire to flow more energy or commit more transmission than originally requested. Necessary transmission must be either available from the earlier TRANSACTION or provided with the increase.
- 1.2. Extensions.** The INTERCHANGE TRANSACTION tag's energy profile may be extended to reflect a desire to flow energy during hours not previously specified. Necessary transmission capacity must be provided with the extension.
- 1.3. Reductions.** The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be reduced to reflect a desire to flow less energy or commit less transmission than originally requested. Reductions are used to indicate cancellations and terminations, as well as partial decreases.
- 1.4. Combinations of 1.1, 1.2, and 1.3 may be submitted concurrently.**
- 1.5. Coordination responsibilities of the PURCHASING-SELLING ENTITY.** The modification must be provided by the PURCHASING-SELLING ENTITY to the following INTERCHANGE TRANSACTION participants: 

- GENERATION PROVIDING ENTITY
- Generation CONTROL AREA
- TRANSMISSION PROVIDERS
- TRANSMISSION CUSTOMERS
- SCHEDULING ENTITIES
- Intermediate PURCHASING-SELLING ENTITIES

FERC Orders 888, 889, 638, and a provider's OATT guide transmission requests. Tagging policy shall not supersede OASIS requirements.

(Title-Holders)

- Load CONTROL AREA
- LOAD-SERVING ENTITY
- Market Redispatch Notification Entities (if specified)
- Security Analysis Services

1.6 INTERCHANGE TRANSACTION modification and evaluation time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in Section D of **Appendix 3A1, “Tag Submission and Evaluation Timetable.”** 

2. INTERCHANGE TRANSACTION modification for reliability-related issues. A RELIABILITY AUTHORITY, TRANSMISSION PROVIDER, SCHEDULING ENTITY, GENERATION CONTROL AREA, or LOAD CONTROL AREA may modify an INTERCHANGE TRANSACTION tag that is in progress or scheduled to be started. These modifications may be made *only* due to TLR events (or other regional congestion management practices), Loss of Generation, or Loss of Load. 

2.1. Assignment of coordination responsibilities during TLR events. At such times when TLR is required to ensure reliable operation of the electrical system, and the TLR requires holding or curtailing INTERCHANGE TRANSACTIONS, the LOAD CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags. See **Policy 9, Appendix 9C1 “Transmission Loading Relief Procedure – Eastern Interconnection.”**

2.1.1. Reductions. When a RELIABILITY COORDINATOR must curtail or hold an INTERCHANGE TRANSACTION to respect TRANSMISSION SERVICE reservation priorities or to mitigate potential or actual OPERATING SECURITY LIMIT violations, the RELIABILITY COORDINATOR shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the greatest reliable level at which the affected INTERCHANGE TRANSACTION may flow.

2.1.2. Reloads. At such time as the TLR event allows for the reloading of the transaction, the RELIABILITY COORDINATOR shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the releasing of the INTERCHANGE TRANSACTION’S limit. 

2.2. Coordination when implementing other congestion management procedures. As a part of some local and regional congestion management and transmission line overload procedures, the TRANSMISSION PROVIDER or SCHEDULING ENTITY is responsible for implementing curtailment of INTERCHANGE TRANSACTIONS. The TRANSMISSION PROVIDER or affected SCHEDULING ENTITY may adjust the INTERCHANGE TRANSACTION tags as required to implement those local and regional congestion management or transmission overload relief procedures that have been approved by the Region(s) or NERC.

2.2.1. Reductions. When a TRANSMISSION PROVIDER or SCHEDULING ENTITY experiences the need to invoke a congestion management or transmission line overload procedure, it may use the curtailment feature of E-Tag to inform the GENERATION CONTROL AREA and the LOAD CONTROL AREA listed on the

INTERCHANGE TRANSACTION tag of the greatest reliability limit at which the affected INTERCHANGE TRANSACTION may flow.

2.2.2. Reloads. At such time as the need for the congestion management or transmission line overload relief procedure allows for the full or partial reloading of the transaction, the TRANSMISSION PROVIDER or SCHEDULING ENTITY may use the reload feature of E-Tag to inform the GENERATION CONTROL AREA and the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag that the INTERCHANGE TRANSACTION'S reliability limit has changed. 

2.3. Assignment of coordination responsibilities during a loss of generation. At such times when a loss of generation necessitates curtailing INTERCHANGE TRANSACTIONS, the Generation CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags.

2.3.1. Reductions. When a generation operator experiences a full or partial loss of generation, it shall notify the HOST CONTROL AREA (the GENERATION CONTROL AREA for the INTERCHANGE TRANSACTION). The HOST CONTROL AREA contacts the GENERATION PROVIDING ENTITY that is responsible for the generation. The GENERATION PROVIDING ENTITY determines what schedule modifications need to be made and may request those modifications as market-based reductions, increases, or extensions (either via the tag author, or directly if the entity is the tag author or a market operator). If the GENERATION PROVIDING ENTITY does not resolve the condition, the HOST CONTROL AREA may at its discretion curtail INTERCHANGE TRANSACTIONS associated with the generation.

2.3.2. Reloads. Upon return of the generation, the generator operator shall notify the HOST CONTROL AREA (the GENERATION CONTROL AREA for the INTERCHANGE TRANSACTION). The HOST CONTROL AREA contacts the GENERATION PROVIDING ENTITY that is responsible for the generation. The GENERATION PROVIDING ENTITY determines what schedule modifications need to be made and may request those modifications as market-based reductions, increases, or extensions (either via the tag author, or directly if the entity is the tag author or a market operator). The HOST CONTROL AREA must release the limits previously imposed on INTERCHANGE TRANSACTIONS associated with the generation (but not override any market-based reductions). 

2.4. Assignment of coordination responsibilities during a loss of load. At such times when a loss of load necessitates curtailing INTERCHANGE TRANSACTIONS, the LOAD CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags.

2.4.1. Reductions. When a LOAD-SERVING ENTITY experiences a loss of load, it shall notify its HOST CONTROL AREA (the LOAD CONTROL AREA for the INTERCHANGE TRANSACTION) and determine what schedule modifications need to be made. The LOAD-SERVING ENTITY may request those modifications as market-based reductions, increases, or extensions (either via the tag author, or directly if the entity is the tag author or a market operator). If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA may at its discretion curtail INTERCHANGE TRANSACTIONS associated with the load.

2.4.2. Reloads. Upon return of the load, THE LOAD-SERVING ENTITY shall notify its HOST CONTROL AREA (the LOAD CONTROL AREA for the INTERCHANGE TRANSACTION) and determine what schedule modifications need to be made. The LOAD-SERVING ENTITY may request those modifications as market-based reductions, increases, or extensions (either via the tag author, or directly if the entity is the tag author or a market operator). If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA must release the limits previously imposed on INTERCHANGE TRANSACTIONS associated with the load (but not override any market-based reductions). 

2.5. Coordination responsibilities for reliability-related issues. The modification must be provided by the requesting CONTROL AREA, TRANSMISSION PROVIDER, or SCHEDULING ENTITY to the following INTERCHANGE TRANSACTION participants:

- Generation Providing Entity
- Generation CONTROL AREA
- TRANSMISSION PROVIDERS
- Transmission Customers
- SCHEDULING ENTITIES
- Intermediate PURCHASING-SELLING ENTITIES (Title-holders)
- Load CONTROL AREA
- LOAD-SERVING ENTITY
- Market Redispatch Notification Entities (if specified)
- Security Analysis Services 

2.6. INTERCHANGE TRANSACTION modification and evaluation time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in **Appendix 3A1, “Tag Submission and Evaluation Timetable”** 

Reliability	Market	Other/Combination	Comments
	<p>1. INTERCHANGE TRANSACTION arrangements. The PURCHASING-SELLING ENTITY shall arrange for all Transmission Services, tagging, and contact personnel for each INTERCHANGE TRANSACTION to which it is a party</p>		<p>Deal arrangements. Note the transmission service review by the TSP should be considered a reliability/tariff function but it is out of scope for this Policy</p>
	<p>1.1 The PURCHASING-SELLING ENTITY shall arrange the Transmission Services necessary for the receipt, transfer, and delivery of the TRANSACTION.</p>		<p>Deal arrangements Transmission service review by the TSP should be considered a reliability/tariff function but it is out of scope for this Policy</p>
<p>Transmission services. Tagging. The PURCHASING-SELLING ENTITY serving the load shall be responsible for providing the INTERCHANGE TRANSACTION tag. (Note: 1. Any PSE may provide the tag; however, the load-serving PSE is responsible for ensuring that a single tag is provided. 2. If a PSE is not involved in the TRANSACTION, such as delivery from a jointly owned generator, then the SINK CONTROL AREA is responsible for providing the tag. PSEs must provide tags for all INTERCHANGE TRANSACTIONS in accordance with Requirement Error! Reference source not</p>			<p>Providing the tag is equivalent to providing the information to IDC.</p>

found..)			
		<p>Contact personnel. Each PURCHASING-SELLING ENTITY with title to an INTERCHANGE TRANSACTION must have, or arrange to have, personnel directly and immediately available for notification of INTERCHANGE TRANSACTION changes. These personnel shall be available from the time that title to the INTERCHANGE TRANSACTION is acquired until the INTERCHANGE TRANSACTION has been completed.</p>	<p>Having the BA available for changes is the reliability function. I am not sure why this was put into Policy 3</p>
		<p>E-Tag monitoring. CONTROL AREAS, TRANSMISSION PROVIDERS, and PURCHASING-SELLING ENTITIES who are responsible for a tagged TRANSACTION shall have facilities to receive unsolicited notification from the Tag Authority of changes in the status of a tag with which the user is a participant.</p>	<p>The tag authority is not in the functional model</p>
<p>Application to TRANSACTIONS. All INTERCHANGE</p>			<p>The BA should only implement the</p>

<p>TRANSACTIONS and certain INTERCHANGE SCHEDULES shall be tagged. In addition, intra-CONTROL AREA transfers using Point-to-Point Transmission Service¹ shall be tagged. This includes:</p> <ul style="list-style-type: none"> • INTERCHANGE TRANSACTIONS (those that are between CONTROL AREAS). • TRANSACTIONS that are entirely within a CONTROL AREA. • DYNAMIC INTERCHANGE SCHEDULES (tagged at the expected average MW profile for each hour). (Note: a change in the hourly energy profile of 25% or more requires a revised tag.) • INTERCHANGE TRANSACTIONS for bilateral INADVERTENT INTERCHANGE payback (tagged by the SINK CONTROL AREA). • INTERCHANGE TRANSACTIONS established to replace unexpected generation loss, such as through prearranged reserve sharing agreements or other arrangements, are 			<p>transactions it receives from the IA</p>
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¹ This includes all “grandfathered” and other “non-888” Point-to-Point Transmission Service

<p>exempt from tagging for 60 minutes from the time at which the INTERCHANGE TRANSACTION begins (tagged by the SINK CONTROL AREA). [See also, Policy 1E2 and 2.1, “Disturbance Control Standard”]</p>			
		<p>Parties to whom the complete tag is provided. The tag, including all updates and notifications, shall be provided to the following entities:</p> <ul style="list-style-type: none"> • Generation Providing Entity • Generation CONTROL AREA • TRANSMISSION PROVIDERS • Transmission Customers • Scheduling Entities (INTERMEDIARY CONTROL AREAS) • Intermediate PURCHASING-SELLING ENTITIES (Title-Holders) • Load CONTROL AREA • LOAD-SERVING ENTITY • Market Redispatch Notification Entities (if specified) • Security Analysis 	

		Services	
	<p>Method of transmitting the tag. The PURCHASING-SELLING ENTITY shall submit the INTERCHANGE TRANSACTION tag in the format established by each INTERCONNECTION</p> <p>Tags for INTERCHANGE TRANSACTIONS that cross INTERCONNECTION boundaries. Procedures are found in Appendix 3A2, “Tagging Across Interconnection Boundaries.”</p>		This is a how to
	<p>INTERCHANGE TRANSACTION submission time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTIONS shall be submitted as specified in Appendix 3A1, “Tag Submission and Response Timetable.”</p>		If the tag is not submitted in time the deal does not happen
<p>Immediate implementation of interchange changes for a OSL.(note not in Policy 3 now)</p>		<p>Exception for security reasons. Exception to the submission time requirements in Section 0 is allowed if immediate changes to the INTERCHANGE TRANSACTIONS are required to mitigate an OPERATING SECURITY LIMIT violation. The tag may be submitted after the emergency TRANSACTION has been implemented but no later than 60 minutes.</p>	This looks a lot like a reliability item however if there are not any timing requirements in the reliability standards then this would not fit. The reliability response would be the immediate implementation of interchange changes required because of a OSL.
	<p>Confirmation of tag receipt. Confirmation of tag receipt shall be provided to the</p>		Market Practice

	PURCHASING-SELLING ENTITY who submitted the tag in accordance with INTERCONNECTION tagging practices. [“E-Tag Reference Document”]		
	Tag acceptance. An INTERCHANGE TRANSACTION tag shall be accepted if all required information is valid and provided in accordance with the tagging specifications in Requirement 2.		Is refusal to accept a tag a market issue? It is not a reliability issue
		INTERCHANGE TRANSACTION tag receipt verification. The SINK CONTROL AREA shall verify the receipt of each INTERCHANGE TRANSACTION tag with the TRANSMISSION PROVIDERS, and CONTROL AREAS on the SCHEDULING PATH before the INTERCHANGE TRANSACTION is implemented.	This IA will do this
INTERCHANGE TRANSACTION assessment. Generation Providing Entities, LOAD SERVING ENTITIES, TRANSMISSION PROVIDERS, CONTROL AREAS on the SCHEDULING PATH, and other operating entities responsible for operational security shall be responsible for assessing and “approving” or “denying” INTERCHANGE TRANSACTIONS as	The Generation Providing Entity and LOAD-SERVING ENTITY assess: TRANSACTION is valid representation of contractually agreed upon energy delivery		Part of the assessment is reliability related and part is market related

<p>requested by PURCHASING-SELLING ENTITIES, based on established reliability criteria and adequacy of INTERCONNECTED OPERATIONS SERVICES and transmission rights as well as the reasonableness of the INTERCHANGE TRANSACTION tag. GENERATION PROVIDING ENTITIES and LOAD SERVING ENTITIES may elect to defer their approval responsibility to their HOST CONTROL AREA. This assessment shall include the following:</p> <p style="padding-left: 40px;">The CONTROL AREA assesses:</p> <ul style="list-style-type: none"> • TRANSACTION start and end time • Energy profile (ability of generation maneuverability to accommodate) • SCHEDULING PATH (proper connectivity of ADJACENT CONTROL AREAS) <p style="padding-left: 40px;">The TRANSMISSION PROVIDER assesses:</p> <ul style="list-style-type: none"> • Valid OASIS reservation number or transmission contract identifier • Proper transmission priority • Energy profile accommodation 			
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<p>(does energy profile fit OASIS reservation?)</p> <ul style="list-style-type: none"> • OASIS reservation accommodation of all INTERCHANGE TRANSACTIONS • Loss accounting 			
	<p>Tag corrections. During the CONTROL AREAS' and TRANSMISSION PROVIDERS' Assessment Time, the PURCHASING-SELLING ENTITY who submitted the tag may elect to submit a tag correction. Tag corrections are changes to an existing tag that do not affect the reliability impacts of the INTERCHANGE TRANSACTION; therefore, tag corrections do not require the complete re-assessment of the tag by all CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH, or the completion and submission of a new tag by the PURCHASING-SELLING ENTITY. The SINK CONTROL AREA shall notify all CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH of the correction, and specifically alert those entities for which a correction has impact. Entities who are impacted by the correction will have an opportunity to reevaluate the tag status. The timing requirements for corrections are found in Appendix 3A1, "Tag Submission and Response Timetable." Tag items that may be corrected are found in Appendix 3A4, "Required Tag Data." A description of those entities who may correct an INTERCHANGE TRANSACTION tag is found in Appendix 3D,</p>		<p>PSE adjust is a market function</p>

	<p>“Transaction Tag Actions.” [See Appendix 3A1 Subsection C, Interchange Transaction Corrections]</p>		
<p>INTERCHANGE TRANSACTION approval or denial. Each CONTROL AREA or TRANSMISSION PROVIDER on the SCHEDULING PATH responsible for assessing and “approving” or “denying” the INTERCHANGE TRANSACTION shall notify the SINK CONTROL AREA. The SINK CONTROL AREA in turn notifies the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag, plus all other CONTROL AREAS and TRANSMISSION PROVIDERS on the SCHEDULING PATH. Assessment timing requirements are found in Appendix 3A1, “Tag Submission and Response Timetable.” A description of those entities who may approve or deny an INTERCHANGE TRANSACTION is found in Appendix 3D, “Transaction Tag Actions.”</p>			<p>This whole section looks a lot like the function of the IA</p>
	<p>INTERCHANGE TRANSACTION denial. If denied, this notification shall include the reason for the denial.</p>		<p>Marketing function</p>

<p>The IA verifies approval prior to implementation of interchange (note not in Policy 3 now)</p>		<p>INTERCHANGE TRANSACTION approval. The INTERCHANGE TRANSACTION is considered approved if the PURCHASING-SELLING ENTITY who submitted the INTERCHANGE TRANSACTION tag has received confirmation of tag receipt and has not been notified that the transaction is denied.</p>	<p>This statement is probably not applicable in the functional model. The IA verifies approval prior to implementation of interchange</p>
<p>Responsibility for INTERCHANGE TRANSACTION implementation. The SINK CONTROL AREA is responsible for initiating the implementation of each INTERCHANGE TRANSACTION as tagged in accordance with Policy 3.A. Requirement Error! Reference source not found. (and its subparts). The INTERCHANGE TRANSACTION is incorporated into the INTERCHANGE SCHEDULE(S) of all CONTROL AREAS on the SCHEDULING PATH in accordance with Policy 3B.</p> <p>Tag requirements for INTERCHANGE TRANSACTION implementation. The CONTROL AREA shall implement only those INTERCHANGE TRANSACTIONS that:</p> <ul style="list-style-type: none"> • Have been tagged in accordance with 			<p>The BA's net interchange schedule shall match the schedule provided by the IA</p>

<p>Requirement Error! Reference source not found. above, or,</p> <ul style="list-style-type: none"> • Are exempt from tagging in accordance with Requirement 1.6 above. 			
	<p>Tag requirements after curtailment has ended. After the curtailment of a TRANSACTION has ended, the INTERCHANGE TRANSACTION’S energy profile will return to the originally requested level unless otherwise specified by the PURCHASING-SELLING ENTITY. [See Interchange Transaction Reallocation During TLR Levels 3a and 5a Reference Document, Version 1 Draft 6]</p>		<p>Market requirement</p>
		<p>Confidentiality of information. RELIABILITY COORDINATORS, CONTROL AREAS, TRANSMISSION PROVIDERS, PURCHASING-SELLING ENTITIES, and entities serving as tag agents or service providers as provided in the “E-Tag Reference Document” shall not disclose INTERCHANGE TRANSACTION information to any PURCHASING-SELLING ENTITY except as provided for in Requirement 2.2 above, “Parties to whom the complete tag is provided.”</p>	<p>Is this a Tariff issue?</p>

		<p>CONTROL AREAS must be adjacent. INTERCHANGE SCHEDULES shall only be implemented between ADJACENT CONTROL AREAS.</p>	<p>This is not required in the functional model</p>
<p>2. Sharing INTERCHANGE SCHEDULES details. The SENDING CONTROL AREA and RECEIVING CONTROL AREA must provide the details of their INTERCHANGE SCHEDULES via the Interregional Security Network as specified in Policy 4.B.</p>			<p>This is confirmed by the RA in the approval of interchange</p>
<p>Providing tags for approved TRANSACTIONS to the RELIABILITY COORDINATOR. The SINK CONTROL AREA shall provide its RELIABILITY COORDINATOR the information from the INTERCHANGE TRANSACTION tag electronically for each Approved INTERCHANGE TRANSACTION.</p>			<p>IA confirms that the RA has approved the interchange</p>
<p>INTERCHANGE SCHEDULE confirmation and implementation. The RECEIVING CONTROL</p>			<p>The BA's net interchange schedule shall match the schedule provided by the IA. The BA only</p>

<p>AREA is responsible for initiating the confirmation and implementation of the INTERCHANGE SCHEDULE with the SENDING CONTROL AREA.</p> <p>INTERCHANGE SCHEDULE agreement. The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall agree with each other on the:</p> <ul style="list-style-type: none"> • INTERCHANGE SCHEDULE start and end time • Ramp start time and rate • Energy profile <p>This agreement shall be made before either the SENDING CONTROL AREA or RECEIVING CONTROL AREA makes any generation changes to implement the INTERCHANGE SCHEDULE.</p>			<p>coordinates with the IA in the functional model so this requirement will go away</p>
<p>3.1.1. Operating reliability criteria. CONTROL AREAS shall operate such that INTERCHANGE SCHEDULES or schedule changes do not knowingly cause</p>			<p>This RA does this and it is verified by the IA</p>

<p>any other systems to violate established operating reliability criteria.</p>			
<p>DC tie operator. SENDING CONTROL AREAS and RECEIVING CONTROL AREAS shall coordinate with any DC tie operators on the SCHEDULING PATH.</p>			<p>Sounds like something the IA would do</p>
<p>Maximum scheduled interchange. The maximum NET INTERCHANGE SCHEDULE between two CONTROL AREAS shall not exceed the lesser of the following:</p> <p>Total capacity of facilities. The total capacity of both the owned and arranged-for transmission facilities in service between the two CONTROL AREAS, or</p> <p>Total Transfer Capability. The established network Total Transfer Capability (TTC) between the CONTROL AREAS, which considers other transmission facilities available to them under specific arrangements, and the overall physical constraints of the transmission network. Total Transfer</p>			<p>This is the responsibility of the TSP</p>

<p>Capability is defined in <i>Available Transfer Capability Definitions and Determination</i>, NERC, June 1996.</p>			
<p>The modification must be provided by the PURCHASING-SELLING ENTITY to the following INTERCHANGE TRANSACTION participants:</p> <p>Security Analysis Services</p> <p>Generation CONTROL AREA</p> <p>Transmission Providers</p> <p>Load CONTROL AREA</p>	<p>INTERCHANGE TRANSACTION modification for market-related issues. The PURCHASING-SELLING ENTITY that submitted an INTERCHANGE TRANSACTION tag may modify an INTERCHANGE TRANSACTION tag that is in progress or scheduled to be started. These modifications may be made due to changes in contracts, economic decisions, or other market-based influences. In cases where a Market Operator is serving as the source or sink for a TRANSACTION, then they shall have the right to effect changes to the energy flow as well (based on the results of the market clearing).</p> <p>Increases. The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be increased to reflect a desire to flow more energy or commit more transmission than originally requested. Necessary transmission must be either available from the earlier TRANSACTION or provided with the increase.</p> <p>Extensions. The INTERCHANGE TRANSACTION tag's energy profile may be extended to reflect a desire to flow energy during hours not previously specified. Necessary transmission capacity must be provided with the extension.</p> <p>Reductions. The INTERCHANGE TRANSACTION tag's energy and/or committed transmission reservation(s) profile may be reduced to reflect a desire to flow less energy or commit less transmission than originally requested. Reductions are used to</p>		<p>The majority of this step is market related getting the information to the BA TSP and RA is a step that the IA verifies</p>

	<p>indicate cancellations and terminations, as well as partial decreases.</p> <p>Combinations of 1.1, 1.2, and 1.3 may be submitted concurrently.</p> <p>Coordination responsibilities of the PURCHASING-SELLING ENTITY. The modification must be provided by the PURCHASING-SELLING ENTITY to the following INTERCHANGE TRANSACTION participants:</p> <ul style="list-style-type: none"> • Generation Providing Entity • • • TRANSMISSIONCUSTOMERS • Scheduling Entities (INTERMEDIARY CONTROL AREAS) • Intermediate PURCHASING-SELLING ENTITIES (Title-holders) • • LOAD-SERVING ENTITY <ul style="list-style-type: none"> • Market Redispatch Notification Entities (if specified) • 		
		<p>INTERCHANGE TRANSACTION modification confirmation. Depending on the type of change, certain entities must evaluate and approve or deny the INTERCHANGE TRANSACTION modification. The following tables illustrate the entities required to evaluate the</p>	<p>These requirements are redundant to earlier requirements</p>

		<p>modification and the criteria they should use in their evaluation. All other entities will be notified of the request.</p> <p>Net Increases in Committed Transmission Reservations or changes in Loss Provision- TSP and DC Tie operator</p> <p>Net Decreases in Committed Transmission Reservations – TSP and DC tie operator</p> <p>Increases in Energy Flow- BA's , TSP's, RA and DC tie operator</p> <p>Decreases in Energy Flow- BA's , TSP's, RA and DC tie operator</p>	
	<p>INTERCHANGE TRANSACTION modification and evaluation time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in Section D of Appendix 3A1, “Tag Submission and Evaluation Timetable.”</p>		<p>This is redundant to earlier timing requirements but this applies to changes</p>
<p>INTERCHANGE TRANSACTION modification for reliability-related issues. A RELIABILITY AUTHORITY, TRANSMISSION PROVIDER, GENERATION CONTROL AREA, or LOAD CONTROL AREA may modify an INTERCHANGE TRANSACTION Tag that is in progress or scheduled to be started. These modifications may be made <i>only</i> due to TLR</p>			<p>This is a reliability requirement</p>

<p>events (or other regional congestion management practices), Loss of Generation, or Loss of Load.</p>			
<p>Assignment of coordination responsibilities during TLR events. At such times when TLR is required to ensure reliable operation of the electrical system, and the TLR requires holding or curtailing INTERCHANGE TRANSACTIONS, the LOAD CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags. See Policy 9, Appendix 9C1 “Transmission Loading Relief Procedure.”</p> <p>Reductions. When a RELIABILITY AUTHORITY must curtail or hold an INTERCHANGE TRANSACTION to respect TRANSMISSION SERVICE reservation priorities or to mitigate potential or actual OPERATING SECURITY LIMIT violations, the RELIABILITY AUTHORITY shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the greatest reliable level at which the affected INTERCHANGE TRANSACTION may flow.</p> <p>Reloads. At such time as the TLR event allows for</p>			<p>The IA is responsible for the coordination of these actions</p>

<p>the reloading of the transaction, the RELIABILITY AUTHORITY shall inform the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag of the releasing of the INTERCHANGE TRANSACTION'S limit.</p>			
<p>Coordination when implementing other congestion management procedures. As a part of some local and regional congestion management and transmission line overload procedures, the TRANSMISSION PROVIDER is responsible for implementing curtailment of INTERCHANGE TRANSACTIONS. The TRANSMISSION PROVIDER may adjust the INTERCHANGE TRANSACTION tags as required to implement those local and regional congestion management or transmission overload relief procedures that have been approved by the Region(s) or NERC.</p> <p>Reductions. When a TRANSMISSION PROVIDER experiences the need to invoke a congestion management or transmission line overload procedure, it may use the curtailment feature of E-Tag to inform the GENERATION CONTROL AREA and the LOAD CONTROL AREA listed on the INTERCHANGE</p>			<p>The IA is responsible for the coordination of these actions</p>

<p>TRANSACTION tag of the greatest reliability limit at which the affected INTERCHANGE TRANSACTION may flow.</p> <p>Reloads. At such time as the need for the congestion management or transmission line overload relief procedure allows for the full or partial reloading of the transaction, the TRANSMISSION PROVIDER may use the reload feature of E-Tag to inform the GENERATION CONTROL AREA and the LOAD CONTROL AREA listed on the INTERCHANGE TRANSACTION tag that the INTERCHANGE TRANSACTION'S reliability limit has changed.</p>			
<p>Assignment of coordination responsibilities during a loss of generation. At such times when a loss of generation necessitates curtailing INTERCHANGE TRANSACTIONS, the Generation CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION tags.</p> <p>Reductions. When a generation operator experiences a full or partial loss of generation, it shall notify the HOST CONTROL AREA (the generation CONTROL AREA for the</p>			<p>The IA is responsible for the coordination of these actions</p>

<p>INTERCHANGE TRANSACTION). The HOST CONTROL AREA contacts the Generation Providing Entity that is responsible for the generation. The Generation Providing Entity determines what schedule modifications need to be made and may request those modifications as market-based reductions, increases, or extensions (either via the Tag Author, or directly if the Entity is the Tag Author or a Market Operator). If the Generation Providing Entity does not resolve the condition, the HOST CONTROL AREA may at its discretion curtail INTERCHANGE TRANSACTIONS associated with the generation.</p> <p>Reloads. Upon return of the generation, the generator operator shall notify the HOST CONTROL AREA (the Generation CONTROL AREA for the INTERCHANGE TRANSACTION). The HOST CONTROL AREA contacts the Generation Providing Entity that is responsible for the generation. The Generation providing Entity determines what schedule modifications need to be made and may request those modifications as market-based reductions, increases, or extensions</p>			
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<p>(either via the Tag Author, or directly if the Entity is the Tag Author or a Market Operator). The HOST CONTROL AREA must release the limits previously imposed on INTERCHANGE TRANSACTIONS associated with the generation (but not override any market-based reductions).</p>			
<p>Assignment of coordination responsibilities during a loss of load. At such times when a loss of load necessitates curtailing INTERCHANGE TRANSACTIONS, the LOAD CONTROL AREA is responsible for coordinating the modifications to the appropriate INTERCHANGE TRANSACTION Tags.</p> <p>Reductions. When a LOAD-SERVING ENTITY experiences a loss of load, it shall notify its HOST CONTROL AREA (the LOAD CONTROL AREA for the INTERCHANGE TRANSACTION) and determine what schedule modifications need to be made. The LOAD-SERVING ENTITY may request those modifications as market-based reductions, increases, or extensions (either via the Tag Author, or directly if the Entity is the Tag Author or a Market Operator).</p>			<p>The IA is responsible for the coordination of these actions</p>

<p>If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA may at its discretion curtail INTERCHANGE TRANSACTIONS associated with the load.</p> <p>Reloads. Upon return of the load, THE LOAD-SERVING ENTITY shall notify its HOST CONTROL AREA (the LOAD CONTROL AREA for the INTERCHANGE TRANSACTION) and determine what schedule modifications need to be made. The LOAD-SERVING ENTITY may request those modifications as market-based reductions, increases, or extensions (either via the Tag Author, or directly if the Entity is the Tag Author or a Market Operator). If the LOAD-SERVING ENTITY does not notify the HOST CONTROL AREA, the HOST CONTROL AREA must release the limits previously imposed on INTERCHANGE TRANSACTIONS associated with the load (but not override any market-based reductions).</p>			
<p>Coordination responsibilities of the requesting CONTROL AREA. The modification</p>	<p>The modification must be provided by the Requesting CONTROL AREA to the following INTERCHANGE TRANSACTION participants:</p>		<p>The IA is responsible for the coordination of these actions</p>

<p>must be provided by the Requesting CONTROL AREA to the following INTERCHANGE TRANSACTION participants:</p> <p>Generation Providing Entity</p> <p>Generation CONTROL AREA</p> <p>TRANSMISSION PROVIDERS</p> <p>Load CONTROL AREA</p> <p>Market Redispatch Notification Entities (if specified)</p> <p>Security Analysis Services</p>	<p>Transmission Customers</p> <p>Scheduling Entities (INTERMEDIATE CONTROL AREAS)</p> <p>Intermediate PURCHASING-SELLING ENTITIES (Title-holders)</p> <p>LOAD-SERVING ENTITY</p>		
<p>INTERCHANGE TRANSACTION modification confirmation.</p> <p>Reliability-based modifications must be evaluated and confirmed prior to implementation. The following table illustrates the entities required to evaluate and the criteria they should use in their evaluation. All other entities will be notified of the request.</p> <p>Generation Control Area- Energy profile (ability of generation to accommodate)</p> <p>DC Tie Operating Transmission Providers or Control Areas- Energy profile (ability of tie to accommodate)</p> <p>Load Control Area- Energy profile (ability of load to accommodate)</p>			<p>The IA is responsible for the coordination of these actions</p>

	<p>INTERCHANGE TRANSACTION modification and evaluation time. To provide adequate time for INTERCHANGE SCHEDULE implementation, INTERCHANGE TRANSACTION modifications shall be requested and evaluated as specified in Appendix 3A1, “Tag Submission and Evaluation Timetable.”</p>		<p>Redundant to earlier requirement</p>
<p>INTERCHANGE SCHEDULE start and end time. INTERCHANGE SCHEDULES shall begin and end at a time agreed to by the SOURCE CONTROL AREA, SINK CONTROL AREA, and the INTERMEDIARY CONTROL AREAS.</p> <p>Ramp start times. CONTROL AREAS shall ramp the INTERCHANGE equally across the start and end times of the schedule.</p> <p>Ramp duration. CONTROL AREAS shall use the ramp duration established by their INTERCONNECTION as follows unless they agree otherwise:</p>	<p>INTERCHANGE SCHEDULES within the Eastern and ERCOT INTERCONNECTIONS. ten-minute ramp duration.</p> <p>INTERCHANGE SCHEDULES within the Western INTERCONNECTION. 20-minute ramp duration.</p> <p>INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary. The CONTROL AREAS that implement INTERCHANGE SCHEDULES that cross an INTERCONNECTION boundary must use the same start time and ramp durations.</p>		<p>The IA is responsible to verify this is sent to the BA’s. The ramp durations time is not a reliability issue as long as the BA’s can meet the ramp time.</p>
		<p>Exceptions for Compliance with Disturbance Control Standard and Line Load Relief. Ramp durations for INTERCHANGE SCHEDULES implemented for compliance with NERC’s Disturbance Control Standard (recovery from a disturbance condition)</p>	<p>There is no specific requirement so this becomes a questionable reliability requirement</p>

		<p>and INTERCHANGE TRANSACTION curtailment in response to line loading relief procedures may be shorter, but must be identical for the SENDING CONTROL AREA and RECEIVING CONTROL AREA [See also Policy1E2, “Generation Control Performance – Performance Standard.”]</p>	
	<p>INTERCHANGE SCHEDULE accounting. Block accounting shall be used.</p>		<p>Market issue</p>