

**NERC Transmission Loading Relief Standards Drafting Team
NAESB Business Practices Subcommittee**

**OATI Headquarters
Plymouth, MN**

**October 4, 2007 — 9 a.m.–5 p.m. CDT
October 5, 2007 — 9 a.m.–noon CDT**

Joint Meeting Agenda

- 1. Administration**
 - Introduction of Attendees
 - Antitrust Guidelines
 - Adoption of Agenda
 - Approval of Minutes
- 2. Future Meetings and Schedule Review**
 - Meeting — November 27–28, 9 a.m.–5 p.m., 9 a.m.–noon Eastern (DC) — NERC to host
- 3. Joint Operator Manual — Update**
- 4. Phase III Work**
 - Approach to be taken for the WECC and ERCOT procedures
 - Discussion with FERC — Update
- 5. Phase II Work (Field Test) Report**
 - 5% threshold oversight
- 6. New business**
 - VSL DT's request to fill in VSLs for IRO-006-3 and IRO-014
 - Relationship between requirements, sub-requirements, VRFs, measures and VSLs
- 7. Adjourn**

Conference Call and WebEx Information

- **October 4, 2007**
 - Conference Call
 - Dial in: 732-694-2061
 - Password: 1205100407
 - WebEx
 - <http://nerc.webex.com>
 - Password: standards
- **October 5, 2007**
 - Conference Call
 - Dial in: 732-694-2061
 - Password: 1205100507
 - WebEx
 - <http://nerc.webex.com>
 - Password: standards

NERC ANTITRUST COMPLIANCE GUIDELINES

I. GENERAL

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

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

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

II. PROHIBITED ACTIVITIES

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

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

III. ACTIVITIES THAT ARE PERMITTED

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

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

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

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

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

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

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

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

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

Transmission Loading Relief (Project 2006-08) Standard Drafting Team

August 22–23, 2007

Carmel, IN

Meeting Notes

1. Administration

a. Antitrust Guidelines

Andy Rodriguez reviewed the antitrust guidance.

b. Introduction of Attendees

The following members and guest were in attendance:

- Ben Li, Chair
- Daryn Barker
- Jonathon Booe
- Frank Koza
- David Lemmons
- Tom Mallinger
- Steve Myers
- Nelson Muller
- Ellen Oswald
- Narinder Saini
- Kathy York
- Andy Rodriguez

c. Adoption of Agenda

Ben Li moved for the agenda to be approved. The motion was seconded, and passed unanimously.

d. Approval of Minutes

Frank Koza moved for the Meeting Notes from the last meeting to be approved. The motion was seconded, and passed unanimously.

2. Future Meetings and Schedule Review

Ben Li reviewed the status of the standards, and expressed concern that the Drafting Team had not accomplished much work between this meeting and the last meeting. Ben Li briefly reviewed the support in the industry for approving the standard, which seems to be positive at this time.

Ben Li briefly reviewed the “due process” for the Joint Operating Manual and the VSL Guidelines. The JOM can be approved by simple action of the Standards Committee. The VSL Guidelines may not require approval, but Ben Li will pursue with the SC and the Compliance Certification Committee. Ellen Oswald indicated there might be a need for compliance to approve the VSL guidelines as well.

The team reviewed and agreed upon the following meeting schedule for the weeks ahead:

- i. Conference Call — September 6 — 2–3 p.m. EDT — To review no-vote comments, make assignments
- ii. Conference Call — September 13 — 1–5 p.m. EDT — To review responses to no-vote comments, approve for posting
- iii. Regular Meeting — October 4–5 — 9 a.m.–5 p.m., 9 a.m.–noon CDT — Minneapolis, MN at OATI
- iv. Regular Meeting — November 27–28 — 9 a.m.–5 p.m., 9 a.m.–noon CDT — Washington, DC at NERC

3. Joint Operating Manual Update

The team briefly discussed the work being done to incorporate the IDC reference document into the Joint Operating Manual. However, since two of the principal authors (Sue Mangum-Goins and Jim Busbin) were not present, it was agreed to defer further most discussion until the next meeting. The group agreed to set the following deadlines for the final version of the JOM:

- i. Final draft to be distributed via e-mail on or before September 26, 2007.
- ii. Submission to SC for approval to be determined at the October 4–5 meeting.

4. Phase III Work

a. Guidance from NERC re: Regional Standards

Andy Rodriguez reported that after significant discussion, NERC has agreed to defer to the drafting team on the best approach for writing the standards (which is currently believed to be three regional standards).

b. Regional Standards

- i. WECC Report — David Lemmons

David Lemmons reported that WECC was continuing to work on their standards. At this point, it was unlikely that the LSE would be responsible for making curtailments; it was 50/50 that the RC would be involved; and it was likely that the Transmission Operator would still be the entity initiating the procedure.

- ii. ERCOT Report — Steve Myers

ERCOT provided some draft language that might serve as a starting point for their regional standard. The language was straightforward and simple, and did not contain much other than the base reliability responsibilities. ERCOT expressed concern that while reliability oversight was acceptable, they did not want to have NERC or other entities assert compliance jurisdiction over their market operations.

c. IRO-006-5 (Attachments 3, 3a, and 4)

The group reviewed the language Andy Rodriguez had drafted, as well as language drafted by Nelson Muller. The group discussed the concepts from the ERCOT proposal and the concept of a new standard that was silent on “how” and focused on “what,” letting tariffs and business practices address

the “how.” Andy Rodriguez was requested to talk to Julia Souder about raising the following questions with FERC

1. How to address the ERCOT and WECC procedures (full procedure, or reliability excerpts).
2. Structural approaches for writing the standards (3 regional, one national + 2 regional differences, 1 national umbrella and three regionals)
3. How to address the commercial aspects of TLR (group would be interested in simplifying to core reliability functions, but how does this apply to NJEs?)

If a meeting with FERC to discuss these issues is possible, Ben Li would like to see the following in attendance: Rep from ERCOT, Rep from WECC, Rep from NAESB, Andy R, and Kathy Y.

The group agreed to use Nelson Muller’s draft as a base from which to work. Andy Rodriguez would add the TLR level guidelines drafted in the meeting as an appendix. Tom Mallinger agreed to work on a draft of the compliance and measures for the draft. Ben Li agreed to look at the violation risk factors and the retention timelines. Nelson, Kathy, John, and Sue would begin thinking about how the manual would need to change to accommodate the new version of the standard. Ben Li requested that Andy Rodriguez send out the revised v5 document, and that all members review and respond, and provide any assignments described above, no later than September 25th.

5. Update on Phase II

Tom Mallinger provided an update on the SPP/MISO/PJM field test. The field test started for PJM on June 3rd. MISO and SPP intend to start on October 1. At the September ORS, participants intend to provide an initial report of the outcomes and request an ORS task force be created (or reconstituted) to review the results of the field test and make a recommendation(s) upon its completion. The field test is currently scheduled to complete on June of 2008 for PJM. MISO and SPP are scheduled to complete on October 2008, but they may shorten their participation.

6. Adjourn

Meeting Notes

Transmission Loading Relief (Project 2006-08) Standard Drafting Team Conference Call and WebEx

September 6, 2007

7. Administration

a. NERC Antitrust Compliance Guidelines

Andy Rodriguez reviewed the NERC Antitrust Compliance Guidelines.

b. Introduction of Attendees

The following members and guest were in attendance:

- Ben Li, Chair
- Daryn Barker
- Jonathon Booe
- Jim Busbin
- Roman Carter
- Ed Davis
- Jim Eckelkamp
- Frank Koza
- Tom Mallinger
- Nelson Muller
- Narinder Saini
- Don Shipley
- Andy Rodriguez

8. Review of Responses to Comments from Ballots

Ben Li briefly discussed the balloting process for IRO-006-4. The responses have been favorable for the standard. However, the approval was not unanimous, and the standard will need to go out for recirculation ballot. Ben pointed out that if the comments require any changes to the standard, the standard would need to be posted for comment again.

Ben Li then walked the team through the draft responses. Minor changes and enhancements were made to the responses. There was some significant discussion regarding the “in lieu of” language. The Drafting Team should be sure this language is clearer in the next version of the standard.

Upon reviewing the comments, it was agreed that they generally required only minor corrections, and that the scheduled 4-hour call on September 13 was not needed. Instead, Andy Rodriguez would edit the responses and send the updated version back to the group via e-mail by close of business Thursday. The group would then respond back via e-mail no later than close of business Monday. Assuming no objections, the responses would then be forwarded to Maureen with a request that the standard be re-circulated for ballot.

9. Future Meetings

The following meetings are currently planned.

- i. Regular Meeting — October 4–5 — 9 a.m.–5 p.m., 9 a.m.–noon CDT — Minneapolis, MN at OATI
- ii. Regular Meeting — November 27–28 — 9 a.m.–5 p.m., 9 a.m.–noon CDT — Washington, DC at NERC

10. Adjourn