

Joint Agenda

Transmission Loading Relief Standard Drafting Team NAESB Business Practices Subcommittee

January 29, 2008 | 9 a.m.–5 p.m. CDT
January 30, 2008 | 9 a.m.–noon CDT
NAESB Offices
Houston, Texas

1. Administrative

1. NERC Antitrust Compliance Guidelines
2. Introduction of Attendees
3. Adoption of Agenda
4. Approval of Meeting Notes

2. Future Meetings and Schedules

1. Goal is to post for 30-day comment on Feb 16, 2008
2. Next meeting: April 1-2 (TW) 9-5, 9-12 MSP/MISO or Carmel/MISO or other (TBD)

3. ORS Meeting Update – TLR 3C

4. Joint Operator Manual

- a. Review of Reformatted Document

5. Phase III Work

- a. Review of Draft; Discussion
- b. Review Comment Form

6. Phase II Work (Field Test) Report

- a. Report – Tom Mallinger
- b. Field Test Extension – Carried Forward from Previous
- c. Discussion of Reliability Threshold – SAR needed?

7. New business

8. Adjourn

Conference Call and WebEx Information

- **January 29, 2007**
 - Conference Call
 - Dial in Number: 732-694-2061
 - Password: 1205012908
 - WebEx Information
 - <http://nerc.webex.com>
 - Password: standards
- **January 30, 2007**
 - Conference Call
 - Dial in Number: 732-694-2061
 - Password: 1205013008
 - WebEx Information
 - <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 Standard Drafting Team

November 27–28, 2007

Washington, DC

Meeting Notes

1. Administration

a. Introduction of Attendees

The following members and guest were in attendance:

- Daryn Barker
- Jim Busbin
- Deral Danis
- Ed Davis
- David Huffman
- Frank Koza
- David Lemmons
- Tom Mallinger
- Carol Sue Mangum-Goins
- Nelson Muller
- Narinder Saini
- Kathy York
- Andy Rodriguez

b. NERC Antitrust Compliance Guidelines.

Andy Rodriguez read the NERC Antitrust Compliance Guidelines.

c. Approval of Agenda

Jim Busbin moved that the drafting team approve the agenda. The motion was seconded, and the drafting team approved the agenda unanimously.

d. Approval of Meeting Notes

Jim Busbin moved that the drafting team approve meeting notes from the previous meeting. The motion was seconded, and the drafting team approved the meeting notes from the previous meeting unanimously.

2. Review of Meeting Schedule

- a. January 29–30, 2008 — Houston at NAESB — 9 a.m.–5 p.m., 9 a.m.–noon.
- b. April 1–2, 2008. MSP or Carmel at MISO MSP or MISO, pending confirmation. 9 a.m.–5 p.m., 9 a.m.–noon. Tom Mallinger is still working to confirm.

- c. If needed, the team will have WebEx and conference call meetings, to be announced.

3. ORS Meeting Update

Frank Koza provided a brief update on the most recent ORS meeting. At this point, little work has been undertaken by the proxy flowgate team to work on either TLR3C or the Phase II field trial. Frank will follow up with Dan Boezio.

4. Joint Operator Manual Update

Andy Rodriguez reported that the effective date of IRO-006-4 is currently set to be January 1, 2008. Jim Busbin questioned what this meant if FERC does not take action by January 1. Andy took an action item to take that question back to the rest of the standards management team.

The drafting team discussed the Joint Operator Manual. Barbara Bogenrief did some work to format the document per the NERC guidelines, but inadvertently caused some problems with the document's numbering. The drafting team agreed to defer this work until after the meeting, and then work on it in a smaller group.

5. Phase III Work

The group reviewed Ben Li's new language. The group made minor changes to many of the requirements and measures. Andy was directed to clean up the measures. Goal is to post the new version on or before February 16th for thirty days. There was a great deal of discussion on how to format the standard, and whether this standard would be a regional standard or a NERC standard. It was agreed that the drafting team would modify the existing IRO-006-4 and make it an "umbrella" standard, and then take the work that had been done (IRO-006-5) and turn it into a new standard (IRO-0xx-1).

The group reviewed the "Phase III checklist" that we created in the July Toronto meeting. All issues have been addressed (list is included as **Attachment 1**).

Kathy York will take Issue 8 back to NAESB for discussion. As the next version of TLR does not contain this language and the NAESB standard uses a "built-up" approach, such that an entity entering a high level of TLR does not automatically inherit the details from the lower levels.

The drafting team identified a preliminary set of questions for the Comment Form. Andy will format the questions and send the form out to the drafting team.

The drafting team also reviewed the changes that will need to be made to IRO-006-4 in support of the new TLR standard.

6. Phase II Work (Field Test) Report

Tom Mallinger provided presentation giving a review of the status of the Phase II Field Tests. The drafting team discussed the possible need to extend the field test, but agreed that decision would be deferred until a future point in time. It was agreed to put this item on the January agenda for further discussion.

Another issues that was raised was how the field test entities would transition out of the field test (i.e., would they revert to the ineffective methods used before the field test? Or would they get some kind of waiver/extension until the new standard was approved?). The team requested that the transition question be raised at the SC for discussion and ultimate resolution at some point in the future.

7. New Business

The drafting team discussed the NAESB Annual Plan item request from PJM and MISO related to TLR development.

8. Adjourn

Attachment 1

List of Phase III Changes

- 1.) Request for exemption from ramp requirements for TLR-cuts (CoC IRO-006-1, Q3–OVEC). **Compliance with RC order is mandatory, so this is already covered.**
- 2.) Request that curtailed transactions cannot be reloaded by anyone except the issuer of the curtailment. (CoC IRO-006-1, Q5–JISWG). **This has been fixed in the IDC. However, we will forward the following comment to the Interchange folks (Subcommittee and/or DT?) “The TLRDT believes that there should be a requirement that transactions curtailed for reliability reasons by an RC should have some restrictions on who can reload them.”**
- 3.) Identify cases where denial of a curtailment may be allowed (CoC IRO-006-1, Q5–JISWG). **Compliance with RC order is mandatory, so this is already covered. If results are questionable, RCs must coordinate actions.**
- 4.) Identify cases (if any) where a curtailment may be allowed for non-reliability reasons (CoC IRO-006-1, Q5–JISWG). **TLR cannot be used for non-reliability. Curtailments that are not part of TLR should be covered in other standards or business practices.**
- 5.) Appropriate uses (if any) of “proxy” flowgates (CoC IRO-006-1, Q5–AEP, OVEC). **There is another task group looking into this area, and we will make changes as necessary based on the results of their work.**
- 6.) Ensure there are no “double jeopardy” situations with IRO-005 (CoC IRO-006-4, Q1–AEP). **No double jeopardy was found.**
- 7.) Review role of TOp in IRO-006 (CoC IRO-006-4, Q2). **Jim and Sue agree that the new standard may work.**
- 8.) Request to move the first sentence in 2.5.3 to NAESB (The issuance of a TLR Level 4 shall result in the curtailment, in the current hour and the next hour, of all Interchange Transactions using Non-firm Point-to-Point Transmission Service that are at or above the Curtailment Threshold that impact the Constrained Facilities.) (CoC IRO-006-4, Q3–Duke). **If NAESB agrees, they will take this on in the next revision of their Business Practice. With the planned major rewrite of the standard, these sections will end up being moved into the Joint Operators Manual. Need to review after the final version of the Joint Operators Manual is done. Kathy to bring back to NAESB, as the next version of TLR does not contain this language and NAESB standards uses “build up” approach.**
- 9.) Request to keep 5.1.5 within the IRO-006 standard (All Balancing Authorities in the Eastern Interconnection shall be obligated to achieve the amount of Constrained Facility relief assigned to them by the Per Generator Method.) (CoC IRO-006-4, Q3–Duke). **With the planned major rewrite of the standard, these sections will end up being moved into the Joint Operators Manual. Need to**

- review after the final version of the Joint Operators Manual is done. IRO-001 requires the BA to do what they are directed to by the RC and 4.1 assigns relief obligation.**
- 10.) Request to move sections 6.2–6.2.6 (from mapping document) to either NAESB or the IDC Ref Doc (CoC IRO-006-4, Q3–Duke). **With the planned major rewrite of the standard, these sections will end up being moved into the Joint Operators Manual. Need to review after the final version of the Joint Operators Manual is done. These are in the IDC Ref. portion of the REF document.**
 - 11.) Request to move sections 7.4.1.–7.4.3 (from mapping document) to NAESB (CoC IRO-006-4, Q3–Duke). **With the planned major rewrite of the standard, these sections will end up being moved into the Joint Operators Manual. Need to review after the final version of the Joint Operators Manual is done. These are in the IDC Ref. portion of the REF document.**
 - 12.) Request to move sections 7.7–7.9 (from mapping document) to NAESB or the IDC Ref. Document (CoC IRO-006-4, Q3–Duke). **With the planned major rewrite of the standard, these sections will end up being moved into the Joint Operators Manual. Need to review after the final version of the Joint Operator Manual is done. These are in the IDC Ref. portion of the REF document.**
 - 13.) Attachment 1 — Section 2. Identify whether reference to “On-Path or Off-path” belongs in standard, attachment, reference document, or NAESB (CoC IRO-006-4, Q3–Duke). **Will be cleaned up in new version of Joint Operators Manual. Rewrite will identify where it belongs. Is Owned by NAESB, but is in the reference.**
 - 14.) Redraft of R5 and M5 (CoC IRO-006-4, Q6–Duke; q11 Entergy). **Has been deleted from the standard. NAESB still needs to clean this up.**
 - 15.) Restructure of R3 (CoC IRO-006-4, QA6–Duke). R3 needs to be split into two requirements, one that focuses on implementing a local procedure simultaneously with the interconnection-wide procedure and another that states specifically, “Each Reliability Coordinator shall follow the curtailments as directed by the Interconnection-wide procedure.” **Has been restructured. Part 1 is eliminated and Part 2 is explicit. This needs team review, and will be revisited, reviewed, and addressed.**
 - 16.) Rewrite of R4 (CoC IRO-006-4, Q7–AEP). **We will need to add specific coordination language for each interconnection. Defer and revisit, after Tom finds out what is happening on the ground.**
 - 17.) Evaluate the need for TLR Level 6 (CoC IRO-006-4, Q7–AEP). **Still under discussion by the team. Frank Koza bringing to RCWG for discussion. Frank confirmed minority concern at RCWG, we will ask industry in comment form.**
 - 18.) Restructure of R4, which deals with coordination across Interconnections (CoC IRO-006-4, Q7–ERCOT). **See 16.**

- 19.) Rewrite 4.1–4.5 (CoC IRO-006-4, Q11–AEP). **Included and is now in the reference document.**
- 20.) Update Appendix A diagram with correct terminology (CoC IRO-006-4, Q11-AEP). **Will be in Joint Operators Manual, and will be updated. Completed**
- 21.) IRO-006-4: The roles of the RC (as initiator or responder) are unclear and should be clarified. (CoC IRO-006-4, Q11–IRC). **Cleared up.**
- 22.) IRO-006-4, Attachment 1: Should be reviewed to determine whether there is any portion that should become part of a standard. Attachment 1 largely is procedural in nature, but part(s) of it possibly should be rewritten in the form of a standard. (CoC IRO-006-4, Q11–IRC). **Completed, but we may need to adjust the reference manual.**
- 23.) IRO-006-4, Attachment 1: Some of the assumptions made by IDC are fairly crude and can result in the inappropriate selection of interchange transactions to be curtailed. (CoC IRO-006-4 Q11–IRC) **Specific concerns would need to be taken to IDCWG, RCWG, or ORS**
- 24.) IRO-006-4, Attachment 1: Should either specify requirements for IDC, or require after the fact analysis of IDC results upon request to identify and quantify deficiencies, or both. (CoC IRO-006-4, Q11–IRC) **Specific concerns would need to be taken to IDCWG, RCWG, or ORS**
- 25.) Move timing guidelines in Attachment 1 to IDC Reference Document. **Completed.**
- 26.) Move Attachment 1 Appendix E, F to IDC Reference Document. **Completed.**