

ATC/TTC/CBM/TRM Standards Drafting Team

August 27–29, 2007 — 8 a.m.—5 p.m. EDT

**APPA Headquarters Offices
Washington, D.C.**

Meeting Agenda

1. Welcome

- NERC Antitrust Compliance Guidelines
- Introduction of Attendees
- Adoption of Agenda
- Approval of Meeting Notes

2. NERC Staff Update

- SAR Update
- Project Schedule and Strategy
- Future Meetings
 - September 12–14 (1–5 p.m., 8 a.m.–5 p.m., 8 a.m.–3 p.m.), Houston TX (NAESB Offices)
 - November 7–9 (8 a.m.–5 p.m., 8 a.m.–5 p.m., 8 a.m.–noon), Washington DC (NERC Office)

3. Meeting Preparation and Discussion

4. Meeting with FERC Staff

5. Review Meeting with FERC Staff

6. Responses to Comments and Associated Standards Updates

- MOD-030
- Additional Updates

7. Joint NERC/NAESB Meeting

- NERC Update
- NAESB Update

8. Assignments and Action Items

9. Adjournment

Conference Call and WebEx Information

- **August 27, 2007**
 - Conference Call
 - Dial in: 732-694-2061
 - Password: 1205082707
 - WebEx
 - <http://nerc.webex.com>
 - Password: standards
- **August 28, 2007**
 - Conference Call
 - Dial in: 732-694-2061
 - Password: 1205082807
 - WebEx
 - <http://nerc.webex.com>
 - Password: standards
- **August 29, 2007**
 - Conference Call
 - Dial in: 732-694-2061
 - Password: 1205082907
 - 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

ATC/TTC/AFC and CBM/TRM Revisions Standard Drafting Team

August 7–9, 2007 — Portland, Oregon

Meeting Notes

1. Administration

a. Introduction of Attendees

The following members and guest were in attendance:

- Larry Middleton, Chair
- Rebecca Berdahl
- Daryn Barker
- Bob Birch
- Shannon Black
- John Burnett
- Ron Carlsen
- Edison Elizeh
- Sedina Eric
- Chuck Falls
- Nick Henery
- Dennis Kimm
- Ross Kovacs
- Laura Lee
- David Lunceford
- Cheryl Mendrala
- Abbey Nulph
- Narinder Saini
- Nate Schweighart
- Jerry Smith
- Aaron Staley
- Stephen Tran
- Andy Rodriguez

b. NERC Antitrust Compliance Guidelines

Andy Rodriguez reviewed the NERC Antitrust Compliance Guidelines.

c. Adoption of Agenda

An item was added to discuss Nick Henery's proposed MOD-001. Laura Lee moved for the agenda to be approved. The motion was seconded, and passed unanimously.

d. Approval of Meeting Notes

Ross Kovacs moved that the meeting notes from the July Atlanta meeting be approved. The motion was seconded, and passed unanimously.

Bob Birch moved that the meeting notes from the July Vancouver meeting be approved. The motion was seconded, and passed unanimously.

2. NERC Staff Update

a. SAR Update

Andy Rodriguez reviewed the status of the Supplemental SAR. The submitters reviewed the changes suggested by the drafting team, modified the SAR, and submitted it back to the Standards Committee for authorization.

b. Project Schedule

Andy Rodriguez reviewed the current project schedule and timeline. Andy was asked to alert the SC of our intent to post on September 1, pending the outcome of the meeting.

c. Future Meetings

Andy Rodriguez reviewed the meeting schedule. The last day of the Houston meeting was modified to be 8 a.m.–3 p.m.. A conference call on August 20th to address compliance was discussed, pending the outcome of the meeting.

- August 27–29 (8 a.m.–5 p.m. all 3 days), Washington DC (APPA Offices)
- September 12–14 (1–5 p.m., 8 a.m.–5 p.m., 8 a.m.–3 p.m.), Houston TX (NAESB Offices)
- November 7–9 (8 a.m.–5 p.m., 8 a.m.–5 p.m., 8 a.m.–noon), Washington DC (NERC Office)

3. APPA Suggested MOD-001 Changes

This item was postponed until Nick Henery arrived to present it. However, after Nick reviewed the discussions of the team that occurred prior to his arrival, he withdrew his MOD-001 draft, as he believed the drafting team was addressing his concerns.

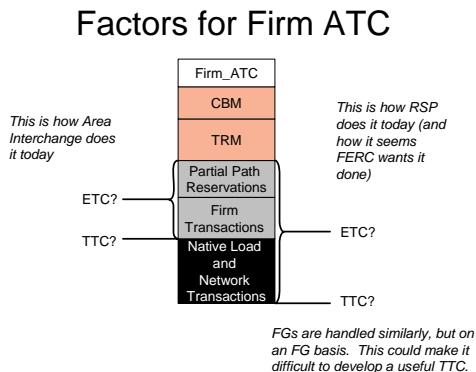
4. Responses to Comments and Associated Standards Updates

a. MOD-028

Laura Lee began walking the team through the MOD-028 comments and changes made by her sub-team. Bob Birch concurrently reviewed some of the work his sub-team had done on MOD-028 related to SOLs and IROLs. During the review, there was discussion of FAC-012 and FAC-013. It was suggested that the team review FAC-012 and FAC-013 and incorporate into the MOD standards any items not already addressed; when this is complete, then FAC-012 and FAC-013 could be retired. Another suggestion was that we create a “mapping document” to show how each requirement from the FACs is being addressed in the MODs. It was also reiterated that we should make sure the standards are consistent (e.g., if MOD-028 refers to SOLs, then MOD-029 and MOD-030 should probably do so with similar language).

A great deal of time was spent discussing TTC and whether or not it should or should not include native load. FERC has indicated that ETC includes native load. They have also indicated that ATC = TTC-ETC-CBM-TRM. If TTC already accounts for native load, then ETC cannot – otherwise it would be double

counted. A diagram similar to the below was created in the meeting for discussion:



Three methods were discussed for determining TTC.

- $TTC = \text{Total Capacity} - \text{Native Load, Network service, and PTP}$ included in the model. This is the way most Area Interchange people handle this today, but it seems to disagree with what FERC wants.
- $TTC = \text{Total Capacity} - \text{Native Load and Network service}$. By eliminating the PTP, you can get closer to what FERC wants – but it still includes Native Load.
- $TTC = \text{most limiting rating} / \text{path distribution factor}$. This would result in a value that by definition was what FERC wants, but would have little value. Additionally, it is likely the equation $ATC = TTC - ETC - CBM - TRM$ would no longer be used; you would still need to model flow to determine impacts, so you would really still be doing method 1, but have a separate calc to determine TTC.

After significant continued discussion, Laura lee moved the following:

Definition of TTC will be:

The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of a Posted Path between those areas under specified system conditions.

Details of how to calculate TTC will vary from methodology to methodology as appropriate.

The motion was seconded and approved by a majority of 9 to 1.

Additional clean-ups to MOD-028, including the consistency of the term “post-back” and the language surrounding ETC, were discussed.

b. MOD-029

Chuck Falls reviewed the changes to the MOD-029 Standard. The drafting team suggested editorial changes and improvements. There was significant debate regarding an “arbitration” section from the WECC procedures, invoked when parties could not agree on the new TTC when changes to the system occur. It was questioned whether arbitration truly needed to be in the standard, or if the standard should simply require the establishment of TTC. Eventually, it was

agreed to remove the section from the reliability standard and leave it as a WECC practice.

Discussion also occurred on the frequency of TTC recalculations. Previously, the standard had been modified to require a minimum yearly recalculation. Some parties felt this was excessive if no significant changes had occurred to the system. The language was changed to require recalculations upon the creation of any new Posted Path or the changing of the make-up of any existing Posted Path that would result in a change in TTC.

Chuck Falls then reviewed the comments received and the draft responses of the group.

5. NERC NAESB Joint Call

a. Introduction of Attendees

The following people joined the meeting

- Jenella Battles
- Stephen Bennett
- Jonathon Booe
- Jack Cashin
- Ed Davis
- Mike Gildea
- Laura Kennedy
- Ron Mucci
- Barbara Rehman
- Kathy York
- J.T. Wood

b. NAESB Antitrust Guidelines

Laura Kennedy read the NAESB Antitrust Guidelines.

c. Review of EPSA concerns

Kathy York introduced Mike Gildea, an EPSA member who had expressed some concerns about which forums were appropriate to address their various concerns. The drafting team and the NAESB team reviewed some comments on a draft NAESB Business Practices on which members of EPSA had commented. The teams went through the comments and identified which areas should be managed on the NERC side and which should be managed on the NAESB side.

6. New Business — Discussion of WECC Due Process Concerns

Andy Rodriguez brought forth concerns expressed to him privately that MOD-029 (and therefore the WECC) was not being given due consideration. Based on the comments Andy made at the end of the day Wednesday (“We are done with MOD-029” and “(paraphrased) tomorrow we should work on MOD-030”), it was assumed that no more work would be done on the standard or the comments. Andy clarified that this was not his intent, and that it was expected that additional work would be done on the standard and its comments, both within and outside the meeting. The drafting team concurred.

Concern was also expressed that changes were being made to the standards without reviewing the comments. While the sub-team had reviewed the comments when making the changes to the standard, the sub-team had proposed to go through the standard first,

rather than the comments. This resulted in editorial changes to the standard by the full drafting team prior to the team formally reviewing the comments that drove the changes. It was suggested that for future reviews of sub-team work, the comments be reviewed as the primary document, with review of the standard and its changes to be shown as the comments are discussed.

Significant discussion occurred regarding the roles of the members of the drafting team. Some members expressed concern that the regional nature of the Rated System Path methodology left members from the East unqualified to evaluate the reliability aspects of the standard. Some members of the East agreed that deference should be given to those users of the methodology, while others pointed out that, as engineers working on a continent-wide standard, they had an obligation to review and agree upon the standard. No clear consensus was reached on this discussion. Andy Rodriguez reiterated to the group that they have responsibilities to make sure each of the continent-wide standards the group is writing are vetted and sound from a reliability perspective.

7. Continuation of Responses to Comments and Associated Standards Updates

a. MOD-029

The comments submitted in response to the first posting of MOD-029 were reviewed, and guidance on specific subjects was provided by the full drafting team to members of the MOD-029 sub team for their use in revising the standard.

8. New Business — FERC Meeting

Andy Rodriguez discussed a meeting being planned between FERC Staff and members of the ATCTDT. Several questions were asked, and Andy was tasked with trying to find answers:

- When will we be meeting?
- Who, from FERC, will be at the meeting?
- Can we meet at the APPA offices?
- Can we have a conference call set up?
- What questions will they have for us?

The drafting team agreed to create a list of questions and/or discussion items for the FERC via e-mail, no later than by Open of Business Tuesday, August 14th.

9. Adjourn