

**October 7, 2009
9:30 a.m. – 12:30 p.m.**

7620 Metro Center Drive
Austin, Texas 78744
Room 206B

Conference Call Information

Dial-in Number: 512-225-7280 | **Conference Code:** 7607

WebEx Information: N/A

Administrative

1. Introduction and Attendance

Rick Keetch welcomed the attendees to the meeting.

The attendees were as follows:

Name	Company	Segment	Present	Called-In
Nick Fehrenbach	City of Dallas	Cons-Comm.		
Paul Gabba	Dow Chemical	Cons-Ind.	X	
Danny Bivens (proxy Les Barrow)	Office Public Utility Counsel	Cons-Res.		
Brian Bartos	Bandera Electric Coop	Coop	X	
Richard McLeon	South Texas Electric Coop	Coop		
Darrell Scruggs	Calpine	Ind. Generator	X	
Billy Shaw	International Power America	Ind. Generator	X	
Jeremy Carpenter	Tenaska Power Services	Ind. PM	X	
Rick Keetch	Reliant Energy	Ind. PM	X	
Joel Firestone	Direct Energy	Ind. REP		
Tony Marsh	Texas Power	Ind. REP	X	
Paul Johnson	American Electric Power	IOU	X	
Michael Quinn	Oncor Electric Delivery	IOU		
Les Barrow	CPS Energy	Municipal	X	
Frank Owens	Texas Municipal Power Agency	Municipal	X	
Judith James	Texas RE	RE	X	
Sarah Hensley	Texas RE	RE	X	
Susan Vincent	Texas RE	RE	X	
Jerry Ward	Luminant		X	
DeAnn Walker	CenterPoint Energy		X	
Matt Pawlowski	NextEra		X	
Michelle Dantuono	Oxy			X
Matt Morais	ERCOT	ISO	X	

At least one representative from five of the seven segments is required to constitute a quorum. At this meeting, a quorum was achieved with a representative from each of the seven segments being present.

Antitrust Admonition

The Texas Regional Entity (Texas RE) Anti-Trust Admonition was displayed for the members. The attendees were reminded that it is both Texas RE and ERCOT policy to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition.

Approval of Minutes

The draft minutes from the May RSC meeting were presented. There were no comments or changes suggested.

*Paul Gabba moved to approve the draft minutes. The motion was seconded by Les Barrow. Motion **carried** by voice vote. The minutes were approved.*

RSC Discussions and Activities

2. Texas RE Board Update – Susan Vincent

Susan Vincent, Director, Legal Affairs for Texas RE, provided an update on the progress of the Texas RE Bylaws, the LSE Coordinated Functional Organization and PRR 822.

Bylaws

The Texas RE Board will be voting for legally separate Texas RE most likely at their next meeting on October 19, 2009. The delegation agreement will then be prepared based on bylaws. The base delegation agreement will not change, but there will be substantial changes to Exhibit B and there may be additional redlines in Exhibit C, which is the Standards Development Process. There will also be wording changes to clarify the entity in Exhibit D. Once the delegation agreement has been drafted it will be posted for public comment on TexasRE.org. Texas RE will also have a straw membership meeting of the new Texas RE entity so the new segments will be able to give additional input on the delegation agreement and bylaws before an informal presentation to FERC. Texas RE will then do a pre-filing to FERC to determine what is to be formally filed. After feedback from FERC, Texas RE will do a formal presentation to the membership and file the certificate of formation.

Article III of the bylaws lists the six membership segments: System Coordination and Planning; Transmission; Cooperative or River Authority Utility; Municipal Utility; Generation; and Load-Serving and Marketing. The Board will have four Independent Directors, one representative from OPUC and the PUC chair as non-voting members and two stakeholder representatives who will also serve as the Chair and Vice Chair of the Member Representatives Committee.

DeAnn Walker asked how entities will be contacted to become members. Susan said Texas RE would contact all registered entities through the existing LISTSERV for the straw membership meeting, and Texas RE will ultimately create a LISTSERV for members. After the pre-filing with FERC, Texas RE will have entities sign

membership applications. Based on current progress, the straw meetings might occur before the Thanksgiving holiday. The formal most likely won't be done before January.

Rick Keetch asked with the independence of Texas RE from ERCOT, will Texas RE's purview include ERCOT Protocols and Operating Guides. Susan said that the Texas RE Board voted that Texas RE would not continue Protocol and Operating Guide duties. Once there is a membership, Texas RE could raise this question with members, but the PUC will decide whether Protocol and Operating Guide duties will be performed by the IMM, ERCOT, Texas RE, or a third party.

Les Barrow asked if once Texas RE is independent from ERCOT, will 100% of funding channel through NERC and Susan confirmed that it would, since it doesn't expect to do Protocol and Operating Guide compliance.

Billy Shaw asked if the independence of Texas RE meant a resurgence of the old ERCOT compliance department. Susan said the PUC says this is not its plan, but it is still being discussed. The ERCOT Board has indicated it would like ERCOT to perform those duties but it will be worked out with PUC.

Texas RE has developed a transition plan for whichever entity takes over the Protocol and Operating Guide duties which includes one-month training, procedures and workflows.

Jerry Ward asked how long the transition will take, with Texas RE performing those duties in the meantime. Susan said that Texas RE will need to stop doing Protocol and Operating Guide compliance as soon as it receives formal FERC approval and the end of Q1 2010 is the goal.

Rick requested that the RSC keeps the bylaws update on the agenda for future meetings.

Load Serving Entity (LSE) Update

NERC is currently considering the proposed LSE Coordinated Functional Registration (CFR) with NERC Legal coordinating the internal review. To date, no negative comments have been received. If NERC does provide substantive comments, Texas RE will recruit members from the LSE Registration Working Group (LSERWG) to be involved in communication. The goal is to have NERC's response by the end of the month and have the CFR become effective January 1, 2010.

Once NERC approves the CFR, the agreement will have to be signed by participating parties, and Texas RE will file with NERC once all participating entities have signed up. For those that won't participate, Texas RE will handle those separately, specifically STEC and LCRA.

Protocol Revision Request (PRR) 822

The PRR, which deals with termination of former employees' access to critical facilities and computer applications, was approved as amended by TAC. The next step is a vote by the ERCOT Board. Texas RE's only involvement was that the Texas RE Board instructed us to start a Protocol that required ERCOT Market

Participants to have access removed upon termination of employees. At this point it is an ERCOT PRR and ERCOT is facilitating it through the system. This has been discussed with the Texas RE Board and they see that this is an ERCOT function, not Texas RE.

Billy Shaw asked what the implementation date is if the PRR is approved and Les Barrow said that TAC recommended January 1.

DeAnn Walker asked for some background on the letter that Texas RE sent to Transmission Planners asking for data on TPLs. Susan explained that on the NERC Implementation Plan, there are a number of studies that NERC requires us to do and the transmission planning study was required this year. The information received will be compiled. The intent is so that Texas RE is aware of specifics of transmission assets in region. The Implementation Plan for 2010 will come out in November and we will outline that in the following newsletter.

3. SAR-001 Provision for ERCOT ISO to have ¼ Vote – Judith James

This item was added to the agenda thinking that FERC would have a decision. Nick Henery told the group that it is with the FERC lawyers. He said he worked with the lawyers a lot when it was first received. From FERC Staff's perspective, once the background of the issue was explained to FERC legal, Nick does not believe there are any substantive issues, but they are proceeding through the administrative process and there should be a decision fairly soon.

Matt Morais asked Nick who explained what to who at FERC. Nick said that this is a change to the delegation agreement but the Standards process was used so that market participants would be made aware. One question FERC had was why the ¼ segment vote. Nick explained that the NERC Standard Development Process utilizes a weighted vote. For example, if there are less than 10 individuals in a segment, each individual gets a 1/10th of a vote, and instead of a whole segment vote, they get a percentage of the segment vote. He said they explained the filing in relation to other procedures. Once these were explained to FERC, they did not seem to have any problem with it.

4. SAR-002 Regional Underfrequency Load Shedding Program Development – Brian Bartos

The second draft of the NERC UFLS standard was posted for comments in April, and comments were reviewed in May. The team has been working diligently to respond to comments and had a meeting on Oct 5-6 to finalize the work and send for ballot. The team's plan is to post for ballot in November. One of the big issues has been the applicability. Applicability will be: Planning Coordinators to develop underfrequency plans, Distribution Provider that doesn't have an agreement with Transmission Owner to provide UFLS, Transmission Owners that have an agreement with a Distribution Provider or that may be identified in the program. The team has a final draft of the standard which has not changed much from the draft that was posted in April.

The feeling among the regional Standard Drafting Team is that essentially we may not need a regional standard and that current ERCOT Protocols and Operating Guides may be sufficient. The regional team will wait and see what gets approved at

NERC level, and then perform a gap analysis to see if there is anything that a regional standard needs to fill. The team feels that the current underfrequency load shedding process works.

Currently, the national team does not believe there is a reason to post for a third round of comments. Nick Henery said he would discuss this with Brian offline, but there is a variation between regions and FERC staff likes the work the region is doing. The only thing the team needs to be careful of is attaching Protocols to a federally approved standard.

5. SAR-003 BAL-001-TRE-01 Standard Development Update – Sydney Niemeyer

Sydney Niemeyer gave an update on the progress of the BAL-001-TRE-01 standard and next steps.

The team met with FERC in August and Sydney reviewed the feedback from FERC. One of the big issues was to clarify ambiguous terms like “visually apparent”. Since the meeting with FERC, Sydney has come up with a way to measure “visually apparent” by using actual data to calculate a performance level.

Sydney reviewed the current direction of the team to continue testing Resources, “measures” in the standard, removing references to ERCOT Protocol 5.9 and reorganizing the draft standard to minimize the use of attachments.

Sydney reviewed the timeline of the team including team meetings on October 9, November 3 and November 19. The team will provide a progress update at the November 4 RSC meeting and the goal is to present documents for posting at the December 2 meeting.

Also, Sydney announced that the team has a new member, Rick Terrill from Luminant. Rick was approved at the September 2009 ROS meeting as a member.

Darrell Scruggs asked if the team has thought about taking the May 13, 2003 event and applying the proposed deadbands to see how the units would have performed. Sydney said no, but that was a very good idea and is something the team should do anyway. Darrell said that it would check the reliability during those types of circumstances.

Sydney said the spreadsheet is available to those who are interested in testing their own resources. It will be posted with the standard posting at the next level as well as on the Texas RE website soon.

6. Texas RE Website Presentation-Standards – Sarah Hensley

Sarah presented an overview of the standards-related content on the new Texas RE website.

7. General Standards Updates and Discussion – Judith James

Judith announced that the Reliability Standards Tracking site is back up. The site has not changed and the registration and approval functions have been tested.

Judith also reminded the RSC that the NERC Standards and Compliance workshop is in Dallas next week.

Judith was the Vice Chair of the SAR drafting team for NERC Project 2009-01 Disturbance and Sabotage reporting and reviewed the status of the project. The SAR has been drafted to include existing functions plus GO, TO and DP. The standard drafting team will determine who the final applicability will be.

Judith reviewed the RSC's Top 10 list of NERC projects that the RSC picked to follow this year, including the status of each project and pointed out if any ERCOT members were on the teams. Judith discussed how the RSCs in other regions actively participate in national projects by submitting group comments, staying in contact with drafting team members, etc.

Jerry Ward said that he does not personally keep up with NERC projects in progress but would like to see executive summary-level presentations on updates of where certain projects are going. He would like RSC to become the group that helps keep standards projects from sneaking up on entities and Darrell Scruggs expressed agreement. Paul Johnson said that other regions such as NPCC and SERC seem to be able to come up with regional comments and have the power to sway how a standard is developed and he would like the ERCOT region to have that organization and power. Jerry said the group has to recognize a project or standard that could become a problem in the region, and organize the entities that are interested to put together comments from a group with one voice. This could solve a lot of potential problems if the region is able to get involved earlier in the process.

Paul Johnson pointed out a great example of this in the three-way communication issue that has come up recently, how NERC wants all communication to be three-way communication, not just under directives. Matt Pawlowski clarified that the three-way communication is part of the COM-002 project.

Jerry Ward proposes at each meeting, someone who has discovered a potential issue can be added to the agenda and make the group aware in advance so the RSC can have a discussion at the meeting. Les Barrow agrees with sentiment. Depending on how the Texas RE separation from ERCOT goes, the Members Representative Committee might be the more appropriate forum for these types of issues. Rick Keetch agrees there is a gap and likes the idea of speaking as a region. Judith stated that it would be RSC that would review standards under development and not the new membership committee. She has been asked to review delegation agreement and potentially revise the scope of the RSC. When the delegation agreement is revised, it will be posted on the website for comment. Billy Shaw agrees with Jerry, but does not see the need for formal setting for discussions and suggested having these conversations via email. Judith said that the RSC would meet more regularly if the RSC were reviewing scope of projects. Frank Owens pointed out that this is still not a place for compliance issues to be discussed. Judith said that it is the RSC's responsibility to review standards under development, on a national level as well as regional. Currently the scope is narrowly written in the delegation agreement, but she interprets "consideration of a SAR" to include reviewing standards under development at national level because most regional

SARs would originate anyway from an existing national standard project under development. Brian Bartos said that from a drafting team perspective, when comments are submitted, they are taken seriously. When a SDT takes comments from a group, they look at them a little harder in light of there being a consensus around those comments from the group that submitted them. Brian reiterated the need for entities to submit comments when they are asked for, join the teams, etc.

Rick Keetch asked who would be responsible for coordinating the effort of reviewing national projects. Jerry Ward suggested that the list of RSC Top 10 could be a starting point, ask if others have issues they want to discuss, and ask for input on agenda in advance of the meeting.

Jerry expressed the hope that the Members Representative Committee is a higher level (i.e. TAC in ERCOT) and RSC is more of a working group

Brian Bartos pointed out that there are currently three standards posted for comments at NERC: Transmission Planning, System Protection Coordination and Vegetation Management.

Paul Johnson said regarding NERC Standards Under Development, it is AEP's practice to comment on virtually everything and asked the group if it was other companies' practice. The answer was no. Les said that for CPS, it is a matter of lack of resources.

Judith pointed out where the Posting Calendar and Project Status Summary are located on the NERC Website. These two spreadsheets are valuable tools in tracking NERC Projects. Rick said the RSC could have a standing agenda item to review current NERC activities via these two spreadsheets and if there is an issue where the group needs to go forward as a body, it is incumbent upon members to bring any potential issues to the group. Judith said she would send an email soliciting agenda items a couple of weeks in advance of the RSC meeting. Also, Judith knows a member of the 2007-17 Protection System Maintenance & Testing team who is willing to talk to the RSC at the November meeting.

8. *FERC Policy on Regional Standards Development – Nick Henery*

Nick reviewed Texas RE's standards responsibilities and lessons learned from RRSWG. He said that FERC staff is moving for NERC and regions to share best practices. He complimented the RSC on discussion regarding tracking national standards projects earlier. Prior to that, he was feeling he would have to convince the RSC to become more active at national level. Nick emphasized that the RSC seems to understand what has to be done and is in the process of working out the process to handle that.

9. *Aligning Protocols with Standards/Mapping Protocols and Standards – Richard McLeon*

In Richard's absence, Rick reviewed the email that Richard sent regarding problems with Protocols and Standards.

Judith described the basic issue as Protocol alignment with Standards and Richard wanted to know if this committee would review Protocols and see that they are in line with Standards and vice versa. PRS had a subgroup called NPRSA that DeAnn Walker headed up to introduce that concept. That group was put on hold as Nodal got delayed. Richard's proposal is not what the RSC should be doing, but that does not mean this group can't communicate with NPRSA.

DeAnn said that the scope of the NPRSA was to go through Nodal Protocols, since at the time, Nodal was set to go-live earlier, and clarify terms in the Nodal Protocols that conflicted with the NERC Standards. DeAnn made a presentation of the group's work to TPTF. Some members supported the effort, some said it would cost way too much and delay Nodal, so effort was put on hold. What sparked this renewed interest was an email sent by DeAnn in response to PRRs submitted by ERCOT ISO to clarify terms that apply to them, but not allowing market participants to clarify terms that apply to them. ERCOT has indicated they believe the NPRSA should start again. DeAnn will be attending the next PRS meeting to follow up on this. She does not believe it is a NERC standard issue as much as a Protocol issue.

Jerry Ward, who was also an NPRSA member, said the goal was not to change anything anybody was doing but just to use more Standard language in Protocols. The cost was in changing the terminology and where that terminology appeared.

**10. Functional Applicability Changes/Reopen SDT Nominations-Discussion
– Jerry Ward**

Since the Texas RE processes are about to change anyway, Jerry brought up the issue of the change in applicability in BAL-001-TRE-01. SAR-003 did not mention GO or GOP so his company ignored it, but during the standard development, GO and GOP were added to the applicability. Jerry said this pointed out a need for the Standard Drafting Team to be reopened if a SAR changes its wording or applicability. In this case, Rick Terrill was added to the team. Jerry would like it to be an automatic process where if there is a big change in the content of the standard such as applicability, the team is reopened for new members. The point is to make sure the team has enough experts on the team, not run anyone off if they want to be on it.

Sydney Niemeyer said that as we all go through the process, we get more experience and in this case the author of the SAR should have taken a harder look at who the standard should apply to. Judith pointed out that the Texas RE Standards Development Process does not provide for SAR drafting teams. Judith's predecessor wrote the initial SAR, and Judith is not sure who was consulted in the drafting of the SAR. The SAR-003 team came back to RSC with added applicability for posting and the RSC approved it. Standard Drafting Teams at the NERC level have a bit of leeway to add things but they have to let people know. This team felt that was done when it was presented to RSC for vote.

Judith wanted to include this in the wrap-up of guidelines since the delegation agreement is going to be reapproved soon anyway.

11. Closing Notes

Judith said she would send a notice to this group once the bylaws and delegation agreement were posted for comment and asked the committee to review Project 2007-17 for any questions for next meeting.

- 12. Meeting adjourned at approximately 12:30 p.m.**

Next meeting is November 4 at ERCOT Austin in Room 206B.

DRAFT