



## North American Energy Standards Board

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**via email and posting**

**TO:** NAESB Executive Committee Members, Annual Plan Coordinators and Posting for Interested Parties

**FROM:** Rae McQuade, Executive Director

**RE:** Annual Plan Subcommittee Conference Call Minutes – February 3, 2003

**DATE:** February 6, 2003

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
ANNUAL PLAN SUBCOMMITTEE CONFERENCE CALL  
February 3, 2003**

**1. Welcome**

Mr. Buccigross welcomed participants and announced Mr. Zavodnick would lead the conference call. Mr. Buccigross called the roll of attendees and introductions were made. Mr. Oncken gave the antitrust advice. The agenda was adopted without modification. It was suggested that for Annual Plan Subcommittee (APS) calls, quadrant affiliation be noted on the attendance record. Regarding adoption of the January 15, 2003 APS conference call minutes, a clarification was proposed regarding Ms. Alexander's organizational affiliation. Ms. Chezar moved, seconded by Mr. Buccigross, to adopt the minutes from the January 15, 2003 APS conference call, as modified. The minutes were adopted unanimously.

**2. Review of 2003 Annual Plan Items to Determine if Multi-Quadrant activity is needed for Contracts and EDM Standards**

**Contracts:** Mr. Zavodnick opened discussion on the contracts annual plan items. He noted the 2003 WGQ Annual Plan requires work in the development of a credit annex document and the 2003 WEQ Annual Plan requires work on a series of contracts. Mr. Sappenfield provided a brief update on the progress of the WGQ Contracts Subcommittee and WEQ Contracts Subcommittee. Mr. Sappenfield noted possible overlap on the WGQ credit annex, the WEQ FTAA, and the ISDA annex for power and gas.

Regarding the WGQ Credit Annex, Mr. Sappenfield said that while the WGQ and WEQ might develop a joint Credit Annex in the future, the WGQ Contracts Subcommittee was proceeding with the development of the Credit Annex. Mr. Sappenfield said the WGQ Contracts Subcommittee was trying to be consistent with key power documents in case the WEQ decides to use the WGQ Credit Annex as a base for future standards development. However, Mr. Sappenfield clarified that development of the Credit Annex is primarily a WGQ issue, since the EEI and WSPP contracts used for power transactions have internal credit support clauses.

Regarding the WEQ FTAA initiative, Mr. Sappenfield explained the WEQ Contracts Subcommittee planned to use the WGQ FTAA as a base document and modify it to apply to power issues. The question was raised if the existing FTAA standard would be modified to reflect the needs of the electric market. Mr. Novak said that might be feasible, but there is a point where modifications become so much where they alter the way a standard is implemented. Mr. Sappenfield estimated the WEQ FTAA would be complete by the end of the second quarter.



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The International Swaps and Derivatives Association (ISDA), a standards setting body for international derivatives, has approached NAESB about developing a power and gas annex to their agreement. Mr. Sappenfield said the ISDA agreements, if developed, would probably require coordination between the WEQ and WGQ, since the documents and concepts are so similar. In fact, Mr. Sappenfield said there is current discussion as to whether the annex would require one or two agreements. Mr. Sappenfield noted neither the WEQ nor the WGQ has begun work on an ISDA agreement. However, he said the timeframe on these agreements would probably be extended due to the need to educate members on how the overall ISDA agreement works.

There was some concern with the amount of potential workload for the WGQ Contracts Subcommittee, since the only 2003 WGQ Annual Plan item assigned relating to the credit annex. Mr. Sappenfield explained the subcommittee views the credit annex item as credit support tools and, with that interpretation, these other items would fit under that umbrella.

Mr. Sappenfield moved, seconded by Ms. Chezar, to add to the list of cross quadrant work items the FTAA and ISDA power and gas annex – which right now may be one document or two documents. The motion passed unanimously without further discussion.

**EDM:** Mr. Zavodnick opened discussion of cross-quadrant issues related to EDM standards. He noted the 2003 WGQ Annual Plan has items geared towards ANSI accreditation of the NAESB EDM and increased security. The 2003 WEQ Annual Plan contains items relating to OASIS and Cybersecurity protocol. Mr. Novak proposed deferring discussion of EDM until the all affected subcommittee leadership is present, since the chairs are the technical experts on these issues and could frame the issues we are discussing.

Meeting participants had a lengthy discussion of EDM coordination issues. Opinions were expressed by representatives from each quadrant. During discussion, it was clarified that existing EDM standards and manuals are WGQ EDM standards and manuals. Ms. Davis said her understanding was each of the quadrants would review WGQ EDM to evaluate the existing standards they chose to use. Subsequently, she said the effort would be to compare the results of those evaluations, determine similarities, and develop one set of manuals to accommodate all quadrants, with the understanding that some standards will be quadrant specific. Ms. Davis noted the importance of proceeding in a logical progression.

Mr. Novak suggested that while EDM might not be an immediate concern for cross-quadrant coordination, it likely will be a cross-quadrant issue by the end of 2003, moving into 2004. He noted there should be nothing in the first half of 2003 that would affect the WGQ immediate efforts.

Ms. Van Pelt clarified the WGQ EDM Subcommittee process. According to Ms. Van Pelt, the only thing the WGQ does in relation to EDM without a request is a review of minimum requirements. All other work is done through the request process. Ms. Van Pelt said she only sees the number of EDM manuals as the cross-quadrant issue, stating that there is nothing that can be done to WGQ EDM without WGQ approval. Ms. Van Pelt asserted the discussion of coordination cannot occur prior to the examination of WGQ EDM standards by the other quadrants.

Mr. Dotterweich expressed concerns that NAESB not have a body of standards developed by one quadrant and then modified by another quadrant. Mr. Dotterweich said the immediate concern is probably with the two retail quadrants and the WGQ. How those groups and standards co-exist is another question. For the WEQ, Mr. Dotterweich said, barring a FERC directive, he does not see anything in 2003 with cross-quadrant implications.



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Ms. Hess said the REQ currently sees a need to coordinate with the WGQ on EDM work because the REQ is creating its own EDM using WGQ EDM as a base. Ms. Hess noted there are areas of WGQ EDM the REQ does not understand. Further, Ms. Hess noted some previous discussion that EDM might be an area where there could be similar standards or the same manual. Ms. Hess asked what the groups needed to do to coordinate and move in the direction of that goal. Ms. Van Pelt did not disagree with Ms. Hess's statement, but suggested given the current progress of the REQ EDM effort, this might be an area for coordination in late 2003 or 2004. However, Ms. Van Pelt noted WGQ and REQ communication on the REQ EDM effort is not current barred, and in fact, scheduling WGQ EDM and REQ TEIS meetings on adjoining days in the same location during March has been discussed.

Mr. Novak moved, seconded by Mr. Cobb, to add EDM to the list of cross-quadrant issues with the detail and degree of coordination to be worked out over the next 18 months. During discussion of the motion, Mr. Novak asserted addressing EDM in this manner would result in formal discussion on this critical issue. As a user of EDM on both the wholesale and retail sides, Mr. Novak preferred one manual. Ms. Chezar noted that as the APS is identifying these items, the Executive Committee can assign the coordination task to particular subcommittees. On a suggestion from Ms. Hess, Ms. Davis, and Ms. Chezar, Mr. Novak amended his motion to provide an example of the detail and degree of coordination. Mr. Novak's amended motion now reads, "to add EDM to the list of cross-quadrant issues with the detail and degree (eg, should there be common EDM standards for all quadrants) and degree of coordination to be worked out over the next 18 months. Mr. Cobb accepted the amendment. The motion passed unanimously.

Mr. Davis noted the APS did not discuss the WEQ creditworthiness item, which is assigned to the WEQ Contracts Subcommittee. Mr. Zavodnick explained in the initial meeting it was decided creditworthiness was a separate topic. Creditworthiness will be discussed at a future meeting.

### **3. Discussion of Cross-Quadrant Glossary**

Discussion of Agenda Item 3 was deferred to a future meeting.

### **4. Planning activities for development of 2004 Quadrant Annual Plans**

Discussion of Agenda Item 4 was deferred to a future meeting.

### **5. Calendar of Meetings for 2003**

February 11, 2003 from 10:00 a.m. to noon CST; topic: common issues of the REQ and RGQ 2003 Annual Plans.

February 28, 2003 from 9:30 a.m. to 11:30 a.m. CST; topic: cross-quadrant glossary, WEQ electricity trading day, and creditworthiness.

### **6. Other Business**

Current APS leadership includes Mr. Buccigross as chair and Mr. Zavodnick (RGQ), Mr. Davis (WEQ), and Ms. Chezar (WGQ) as co-chairs. Ms. Hess volunteered to serve as the REQ APS co-chair. Accordingly, all quadrants are now represented in the APS leadership.

Mr. Zavodnick clarified the role of the APS, noting it is not the role of the APS to make any changes to the quadrant annual plans, since that is the purview of the Executive Committee. However, the APS will identify some projects for cross-quadrant work and report those findings to the affected Executive Committees. Further, it was noted the main thrust of the APS is



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moving forward, with hopes that subsequent annual plans will be coordinated prior to Executive Committee and Board approval.

### 7. Adjourn

Mr. Zavodnick adjourned the meeting at 9:53 a.m. CST.

### 8. Meeting Attendees:

Name	Company	Notes**
Barbara Alexander	State of Maine Public Advocate	REQ
Mariam Arnaout	AGA	
Jim Buccigross	Group 8760	APS Chair, Several
Dolores Chezar	KeySpan Energy	WGQ Co-chair, Several
Steve Cobb	Salt River Project	WEQ EC, Several
Dale Davis	Williams Gas Pipeline	WGQ
Ed Davis	Entergy	WEQ Co-chair
Jim Dillon	Niagara Mohawk	Not declared
Andrew Dotterweich	Consumers Energy	WEQ
Barry Green	Ontario Power Generation	WEQ
Theresa Hess	Reliant Energy Retail Services	REQ Co-chair
Iris King	Dominion Transmission	WGQ
Bernard Kramer	MichCon	RGQ
Annunciata Marino	PA Public Utility Commission	Several
Terry Moran	PSE&G	Several
Les Nishida	Wisconsin Public Service Corp.	Several
Mike Novak	National Fuel Distribution Corporation	Several
Lou Oberski	Dominion	Several
Todd Oncken	NAESB	Administrative
Marjorie Perlman	Rochester Gas & Electric	Several
Tom Ringenbach	American Electric Power	WEQ
Keith Sappenfield	EnCana Corporation	WGQ Several
Kim Van Pelt	Panhandle Eastern Pipe Line	WGQ
Charles Yeung	Reliant	WEQ EC, Several
Randy Young	Gulf South Pipeline	WGQ EC
Steve Zavodnick	Baltimore Gas & Electric	RGQ Co-chair, Several
Richard Zollars	Dominion Retail	RGQ EC

**\*\* Please note that unless specified by the individual in the meeting, some of the participants' companies are members in several quadrants. Some assumptions were made in the assignment by the NAESB office in preparation of these minutes, but it is preferable the participants self declare during the meeting should such declaration be needed - the designations shown above are questionable. Non-members should also self declare quadrant.**