

TO: NAESB Board Members & Rae McQuade, NAESB Executive Director
FROM: **R. Scott Brown, Marketer-IOU, Wholesale Electric Quadrant**
RE: **Notational Ballot for Board Votes on Managing Committee Decision on Scope for Request R03035 regarding Gas Quality**
DATE: February 17, 2004

Dear Board Members:

Attached find my completed notational ballot for the Managing Committee's decision on the scope of Request R03035. I would like to share with you my thinking and request that Rae include these in the record for this matter.

- I have voted in favor of Part A being declared in scope and against Parts B & C being declared in scope at this time. I feel Part A is clearly consistent with the spirit of Article 2, Section 1 of our Certificate. It is not obvious to me that Part B & C, as defined, are in scope. In my opinion, the issues surrounding "underlying assumptions" for determining gas quality specifications from measured data and "establish gas quality specification standards" require further technical evaluations and policy decisions before voluntary business practices can be determined. Once these technical evaluations occur, I believe that NAESB will be in a position to go beyond work called for in Part A to develop business practice standards that streamline the transactional processes for natural gas, consistent with Article 2, Section 1 of our Certificate.
- My discussion with gas industry leadership has brought to my attention a collaborative effort being facilitated by the Natural Gas Council ("NGC") to better define the technical and physical attribute issues that need to be addressed before business practices that streamline the transactional processes can be developed. I hope that FERC and the members of the collaborative effort recognize the importance of this "spade" work on this issue and commit to completing the work in a timely manner. The impact of gas quality goes beyond the Wholesale Gas Quadrant and has become an issue that affects electric generators in both the operation of plants as well as the ability to comply with environmental standards. This issue requires technical decisions **and** complementary business practice standards. I view NAESB as the organization to develop the complementary business practices standards, therefore, we should continue to closely monitor the work of the NGC Collaborative to understand when we should proceed with work beyond Part A of Request R03035.
- Whatever the outcome of this notational vote, it is imperative that the NAESB Board hold a full and complete discussion on this request and the issues surrounding gas quality in order to determine what actions, beyond Part A, should be considered for the WGQ work plan. I appreciate the efforts of the Managing Committee to have the Board focus on this matter.
- With respect to Rae McQuade's presentation to FERC at the February 18th Technical Conference, I suggest she inform the Commission that NAESB has received a comprehensive request to develop gas quality standards and that the NAESB Board is actively investigating the proper role for NAESB to serve. I share the Managing Committee's concern over how the Chairman will interpret NAESB's reaction to the comprehensive request in light of the Chairman's letter, but Rae should reinforce the valuable service that NAESB can provide once the underlying technical decisions are made. Sharing with all, that NAESB's primary role is to develop standards that apply to electronic data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries. NAESB should extend an invitation to FERC and members of the NGC Collaborative to attend our Board meeting in March.



North American Energy Standards Board

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NORTH AMERICAN ENERGY STANDARDS BOARD

Board of Directors Ballot

Notational Vote Regarding the Scope Question for Request R03035

February 11, 2004

Agreement? Statement
(Yes/No/Abstain)

I vote in support of the Managing Committee decision to find R03035 for each of the parts listed below as within NAESB's scope as identified in the NAESB Certificate of Incorporation:

YES

Part A : Establish web-based reports for tracking all physical and chemical properties of natural gas defined in pipeline tariffs, including timelines for reporting.

NO

Part B: Develop a uniform process, including the underlying assumptions and methodologies, for determining gas quality specifications from measured data.

NO

Part C: Examine the need to establish gas quality specification standards taking into consideration, (i) the specification needs of end users and providers of service to end users, and (ii) sources of supply (e.g. land-based, the Gulf, LNG). Draft such standards as appropriate.

Name:	R. Scott Brown
Signature:	_____ /s/ R. Scott Brown
Company:	Exelon Corporation
Date:	February 17, 2004

**Please return to the NAESB Office by February 17, 2004
Fax: 713-356-0067**