



## Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: gisb@aol.com

Home Page: www.gisb.org

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**TO:** GISB Board of Directors, Posting for Interested Industry Participants

**FROM:** Rae McQuade, Executive Director

**RE:** Final Minutes from the GISB Board of Directors Meeting – March 2, 2000

**DATE:** June 12, 2000

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### **GAS INDUSTRY STANDARDS BOARD GISB BOARD OF DIRECTORS MEETING**

**Sheraton North Houston Hotel, Houston, Texas  
March 2, 2000  
FINAL MINUTES**

#### **1. Opening Remarks**

Mr. Horton opened the Board of Directors meeting and welcomed the Board members, speakers and observers to the meeting. Mr. Jay Costan was introduced as the general counsel for GISB and gave the antitrust advice. The agenda was adopted with no changes.

#### **2. Adoption of Minutes**

The minutes of December 2, 1999 were adopted with minor changes.

#### **3. Retail Marketing Report**

Mr. Templeton reviewed the report provided in the meeting materials. He noted that the balanced structure and voting is an important feature of the GISB organization that many in the industry and regulatory agencies support. He also noted that while we have heard support from several state regulatory agencies and federal government agencies, marketers, end users, few utilities and LDCs voiced opinions. He added that other points raised included GISB's lack of experience with electric industry procedures, which would be accommodated through new volunteers and participants to the process who would have that knowledge base. He also noted that some participants would prefer the use of models or guidelines instead of standards.

Mr. Stewart added that it was a general observation that standards are good for the marketplace, but the question was focused on how they are developed.



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He added that GISB works – as a model, it is a good credible strawman, and GISB brings to the table an organization with a proven track record.

Mr. Smith noted that there was not overwhelming support from the utilities. He observed that where a company's interest were narrow in a geographic sense, they did not support national development of standards for the retail market. In the converse, where a company's interest was broad in a geographic sense, there was general support for development of standards on a national basis.

Mr. Patterson stressed that there is a general misunderstanding by those companies that have not participated in GISB – that of volunteers. Several times, participants in the meeting asked which standards would be developed, who would have the expertise to develop them, and how would they be developed. Consistently, the response was given that the organization, through its membership and participants, would determine what standards were developed, and the volunteers to the process would develop the language of the standards and vote to adopt them. The standards are not developed by GISB staff; nor does the staff determine which standards can be developed. The staff coordinates the activities so the volunteers can meet to work on the standards.

Ms. Patton was recognized and noted why standards development through the GISB process is important to Boeing. No one argues the need for standards – so the importance lies with the process. Through the GISB process, the segments are not disenfranchised when they cannot afford to send enough participants to match the participation from other segments. Through balanced voting and representation, each segment has an equal voice and part in the process. She added that the end users are aware that this is not the case in the CUBR/EEI process. (Ms. Patton's remarks are attached to these minutes.)

Mr. Horton introduced the Board of Director's intent section of the report. Mr. Lander moved and Mr. Templeton seconded that the intent be adopted as described in the report.

During discussion of the intent, Mr. Mucci noted that an open process should be followed to develop the report to the Board for its June meeting, similar to the industry wide meetings held which resulted in the creation of GISB. Mr. Lander agreed and added that our initial charter worked because we had a broader dialogue resulting from the inclusive meetings, and development by a smaller group would not have had much of a chance of success. Mr. Lander further offered that the Board and EC should be reconstituted, should we determine to broaden our scope, and thus we should employ accelerated elections. He urged that we not trifurcate the organization -- processes should be the same for gas and electricity.



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Mr. DeForest expressed concerns that the benefits of retail standards implementation would not be achievable without a clear mandate, such as that provided by the FERC. He noted that the mandate to use the standards provided by the FERC has ensured that the wholesale marketplace has realized the benefits of standardization. On the retail side, a similar commitment from the states is needed, and the standards are not suggestions. Without such a commitment, there is a probable dilution of effort.

Mr. Knopp agreed with Mr. DeForest's concerns on effectiveness and further added that GISB has a lot of work ahead of it and should not undertake an expansion of scope. He added that his segment might support a separate electric standards organization using the GISB model rather than changing GISB. Ms. Bailey concurred with Mr. Knopp's remarks. Mr. Reid noted that GISB under its current scope could address retail marketing standards for natural gas now, with a possible evolution to electric industry standards and a scope change at a later date.

Mr. Bergstrom noted that EPSA and EEI are not at a position yet to consider the creation of an electric industry standards organization created along the lines of a GISB model. He voiced similar concerns to those of Mr. DeForest, on the ability to be successful at creating retail standards on a national basis. Mr. Horting added a general concern of most companies – a requirement to implement standards for retail gas separately from standards for retail electricity will increase cost in companies implementing the standards.

Mr. Lander added that the FERC support was not as evident until after GISB was created and the first set of voluntary standards were in place. The FERC then noted that business practices should also be standardized, which led to a change in GISB's scope two months later, so that business practice standards could be developed. Companies participated because they could not afford to be left out of the process. He added that GISB absorbed the work of Gas\*Flow and its standards, and similarly, the new organization could absorb the existing CUBR/EEI work. From a timing perspective, CUBR/EEI is scheduled to release its product in June.

Mr. Somerhalder noted that he agreed with Mr. Bergstrom's and Mr. DeForest's comments, and added that the process GISB uses is successful and can be applied to the electric industry. He further noted that most of the companies would benefit if there was one standards body, and GISB should proceed to the next steps described in the intent to determine if that is feasible. Mr. Mucci added that feasibility should in part be defined by the commitment of the necessary funding and staffing from companies. Mr. Boswell supported Mr. Somerhalder, adding the Board needs further information, which can be gained through the adoption of the intent.



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Mr. Horton summarized the discussion with the following two questions: "Without a controlling regulatory body, can you have an effective standards body?" and "Should GISB be changed to address electric standards or should there be a separate electric standards organization?" He noted that on a procedural matter, he had asked the general counsel if the Board could undertake a study outside of its current scope through a simple majority vote. Mr. Costan replied that the Board could do so, and in fact, it is typically the procedure used by a Board to obtain the necessary information when it is considering a scope change.

Several Board members voiced the concern that gas interests not be diluted if the GISB organization were to change to support electric interests. Similarly, should the GISB organization change to support electric interests, regulatory support is an issue, as is the commitment of funding and resources, and an insistence that the new efforts not detract from those already underway towards the completion of the 2000 Annual Plan. It was also noted that GISB should discuss its efforts with the regional transmission organizations (RTOs) and the independent system operators (ISOs).

After discussion, the motion was revised in the second part of the resolution to stress that the meetings be open and include interested parties from among the energy industry. The Board of Directors adopted, through a procedural vote, the following resolution describing its intent:

- RESOLVED, that the Board of Directors endorses the efforts undertaken at its behest since the December 1999 meeting to determine the level of interest in, and whether and how GISB should expand its focus to address electric and gas wholesale and retail standards, and
- Further RESOLVED, that the Board directs its officers and the task force established in December 1999 to continue open meetings with interested parties from among the energy industry to gather their input and financial and other support, and to prepare drafts of the documents necessary to effectuate any required structural changes, should the Board determine to put them into effect, and
- Further RESOLVED, that the officers and task force shall report back to the Board at its June 2000 meeting regarding their activities and progress.

The resolution was adopted with 15 votes in favor and five votes opposed.

#### **4. Annual Plan**

Mr. Buccigross described the 2000 Annual Plan. He noted that a new subcommittee, the Expedited Data Development Subcommittee co-chaired by Ms. Hess of Enron Gas Pipeline Group and Ms. Munson of Altra Energy



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Technologies, has been created to address the backlog for definition of information requirements which has impacted the completion and publication of the standards for imbalance netting and trading and title transfer tracking.

He asked that a new item be added to the Annual Plan for the standards development and modifications necessary to be responsive to FERC Order No. 637. During the discussion, it was noted that this effort could potentially be handled as an instruction to the Executive Committee and the development accommodated through the normal maintenance items already on the Annual Plan. After further discussion, it was determined to add a new item rather than accommodate the effort through maintenance. It was also determined to withdraw item nos. 9 and 10 from the plan, as they are legitimately not part of the plan, which was indicated in the footnote. It was noted that activities relating to FERC Order No. 637 should be considered a higher priority than other items on the plan and should be addressed immediately.

The motion was made to amend the plan to add an item for FERC Order No. 637, and to remove item nos. 9 and 10 with the corresponding footnote. The motion passed with 15 votes in favor and one vote in opposition.

### **5. Financial Reports**

Ms. McQuade reviewed the financial statements for January 2000. A variance report was provided to the Board as well as accrual and cash based statements.

### **6. Membership**

Ms. Garcia and Ms. McQuade presented the membership report. New members have come predominantly from services segment. The members that we have lost are due to mergers, a change in company focus where standards efforts lack a priority in the company, or companies that have chosen to drop affiliate memberships.

### **7. Adjournment**

The meeting adjourned at 4:00 p.m.



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### 8. Attendance

Segment	Board Member Name	Member Company	Present
End Users	Janie Mitcham	Reliant Energy	Yes
	Lee Smith	Midland Cogeneration Venture	Yes
	Dunham Cobb	Florida Power & Light	Yes
	Jim Templeton	Comprehensive Energy Services	Yes
LDCs	Bill Boswell	Dominion Resources	Yes
	Walt DeForest	National Fuel Gas Distribution	Yes
	Adrian Chapman	ConEd	Yes
	Reed Horting	PECO Energy	Yes
	Lee Stewart	SoCal Gas	Yes
Pipelines	John Somerhalder	El Paso Natural Gas	Yes
	Stan Horton	Enron Gas Pipeline Group	Yes
	Terry McGill	Columbia Gulf Transmission	Yes
	Ron Mucci	Williams Gas Pipeline	Yes
	Bob Reid	Colorado Interstate Gas	Yes
Producers	Pete Dickson	Exxon	Yes
	Allan Knopp	Conoco	Yes
	Bill Benham	BP Amoco	No
	Hugh Roberts	Marathon	Yes
	Abigail Bailey	Texaco Natural Gas	Yes
Services	Steve Bergstrom	Dynegy Marketing & Trade	Yes
	Julie Gomez	Enron Capital & Trade	Yes
	Greg Lander	Skipping Stone	Yes
	Lyn Maddox	PG&E Energy Trading	Ballot
	Marty Patterson	Idaho Power	Yes



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Presenters:	Jim Buccigross	Group 8760, Chairman 2000 Executive Committee
	Carl Caldwell	CGI, FERC Order No. 637 Analysis
	Tina Patton	Boeing, Remarks on Retail Marketing
Administrative:	Rae McQuade	Executive Director
	Jo Ann Garcia	GISB Staff
	Veronica Thomason	GISB Staff
	Jay Costan	McGuire Woods Battle & Boothe, General Counsel
	Laurie Paulson	Hoffman Paulson Associates
	Cheryl Hoffman	Hoffman Paulson Associates

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Observer	Company Represented	GISB Member
Sylvia Munson	Altra Energy Technologies	Yes
Jane Lewis	American Gas Association	No
Miriam Arnaut	American Gas Association	No
Kim Van Pelt	CMS Panhandle Eastern Pipe Line	Yes
Bill Grygar	CMS Panhandle Eastern Pipe Line	Yes
Cynthia Corcoran	Corcoran Law	Yes
Mark Scheel	Dynegy Inc.	Yes
Gary Payne	Enron Administrative	Yes
Theresa Hess	Enron Gas Pipeline Group	Yes
Karen Gossett	Koch Gateway	Yes
Randy Young	Koch Midstream Services	Yes
Leigh Spangler	Latitude Technologies	Yes
Keith Sappenfield	Reliant Energy	Yes
Jim Buccigross	Group 8760	Yes
Carl Caldwell	CGI	Yes
Tina Patton	Boeing	Yes
Larry Smith	Tennessee Gas Pipeline	Yes
Shelley Corman	Enron Gas Pipeline Group	Yes
Iris King	CNG Transmission	Yes
Joyce Phillips	PanCanadian	Yes
Mark Gracey	Tennessee Gas Pipeline	Yes
Dale Davis	Williams Gas Pipeline	Yes

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### Remarks of Tina Patton of Boeing to the GISB Board of Directors

**March 2, 2000**

I acknowledge that some form of electric and natural gas retail standards will be developed. They will most likely take the form of voluntary "consensus" standards that will be shared with state and federal regulators as the "industry consensus of proven best practices". My concern is that these indeed be the "industry consensus" and not just be presented as such. CUBR which started this effort says in their mission statement that:

CUBR consists of representatives from natural gas and electricity marketers, utilities, meter service providers, meter data management agents, billing and collection companies, software vendors, and other mid and back-office service providers.

Noticeably absent from this list are the end-users. But they do assure the "customers" that we will benefit from this process. How do they know that if the customers weren't part of the process? CUBR says that they will work with all market participants to promote and establish the rules that they wrote, but they imply they won't let end-users into the process until they have established the rules. EEI's efforts are only marginally better. Those who knew that EEI was working on this were allowed to register for the meetings if they paid the registration fee. And it is my understanding that voting is on a majority rule basis to achieve "consensus".

As GISB acknowledged, end-users ARE part of the process. GISB also recognized that every segment of the industry deserved an equal voice in the decision making process. GISB actively reaches out to all segments. Though GISB does have a large membership fee, even non-members can participate and vote at the subcommittee level where most of the work is done. And there is no fee to attend regular meetings. GISB has achieved a reasonable end-user participation, primarily from electric utilities as gas end-users. Boeing is an exception, but Boeing is one of the few industrial end-users that actively participates in the wholesale gas market. Not only as an end-user, but Boeing also buys total production from certain gas fields, owns gathering fields, compressor stations, part owner in a processing plant and owns distribution pipelines to the burner-tip. Boeing does this through a partnership with other aircraft manufacturers, hospitals and other industrials in the Wichita Kansas area. This consortium is the Kansas Industrial Energy Supply Company, of which Boeing is the general manager.

As the "standardization process" moves to the retail market, the interest from end-users, not only industrial but also commercial and residential, will grow. These activities are and will continue to be closely watched by federal and state regulators and may even have impacts at the Federal legislative level. It is important that end-users be given the voice that they have enjoyed at GISB.

One important point to make about end-user participation is that we need to be part of the process to establish standards not only to establish standards that we can agree to, but also to stay "stop, this is not something that we want standardized". End-users and their associations value their ability to negotiate with local gas and electric utilities, pipelines, and suppliers to achieve the goals that are important at a local level. Cost of Service rates, imbalance penalties, interruptible and curtailment agreements and many other needs are often best met through negotiations and consensus at the local level.

Whether GISB chooses to take this on or not, it is imperative to your customers, that whatever group establishes these standards that all segments participate at an equal level. I have been privileged to participate on the Executive Committee and have learned a great deal, not only from my fellow end-users, the electric utilities, but understanding the needs and frustrations that are experienced by the pipelines, service providers, producers, and gas utilities. This is a



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forum where everyone has to put their cards on the table and it works. Compromise and consensus can be reached when those involved understand the impact of decisions from beginning to end.

Thank you.

Tina

Tina Patton

Energy Resources

Phone: 425-865-5351

FAX: 425-865-5367