



Gas Industry Standards Board

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Home Page: www.gisb.org

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 – June 7, 2001

DATE: June 7, 2001

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

**Houston Airport Marriott Hotel, Houston, Texas
Thursday, June 7, 2001**

FINAL MINUTES

1. Opening Remarks

Mr. Boswell opened the Board of Directors meeting and welcomed the Board members, speakers and observers to the meeting. He was saddened to report the passing of Mr. Jim Keisler, a GISB subcommittee chairman and longtime contributor, who will be sorely missed. Mr. Costan read the antitrust charge. The agenda was adopted with no changes.

2. Adoption of Minutes

The minutes of March 1, 2001 were adopted with one change to correct the spelling of a name.

3. Retail Marketing Report

Mr. Boswell described the activities that have taken place since the March 1 Board meeting regarding the consideration of an energy industry standards board (EISB) based on the strawman 2. After several meetings with Edison Electric Institute (EEI), the North American Electric Reliability Council ("NERC"), the FERC and the Department of Energy (all detailed in the summary provided in the meeting materials), it is evident that a great deal of progress is being made. NERC and its subcommittee, the Market Interface Committee, are considering the organization and population of the wholesale electric quadrant¹. EEI and its committee the Uniform Business Practices (UBP) group, is determining the organization and population of the segments for the retail electric quadrant. He noted that it is expected that the American Gas Association will join in the EEI/UBP effort and define the quadrant and segments for the retail gas quadrant.

In updates to Commissioner Massey and Acting Assistant Secretary Kripowicz, both were very supportive of the creation of an EISB based on the principles and process of GISB, which are described in the model. Commissioner Massey further noted that there are no

¹ The model for an EISB using the strawman 2 described four quadrants – wholesale gas, wholesale electric, retail gas and retail electric. The wholesale gas quadrant will be organized as currently shown in GISB – producers, pipelines, distribution companies, services and end users. The other three quadrants have not yet been described in the model.



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contradictions between the support of an EISB and the support for the creation of regional transmission organizations (RTOs). The NERC MIC group had expressed concern that there may be conflicts between the support of RTOs and the support of EISB by the FERC. Commissioner Massey also noted that it was his understanding that the other four commissioners were supportive of the creation of an EISB. He expects to make public remarks on the support of an EISB in several upcoming speeches. He asked if GISB would be available to attend the June 19 Interregional Conference on RTO Interregional Coordination and speak. Mr. Boswell noted that both he and Mr. Buccigross will attend the conference and will file a request to speak tomorrow.

Acting Assistant Secretary Kripowicz was similarly supportive of an EISB. The DOE will host an industry meeting in mid-August to make interested participants aware of the EISB modeled on the strawman 2. He noted that the DOE support is not necessarily of any particular standard, but more of the process used by GISB and described in the model for an EISB – that of inclusivity, openness, balance and transparency. The DOE has been a long time member of GISB and has worked with GISB in several key partnerships – such as that of developing the Funds Transfer Agreement and the Sandia Surety Assessment Report.

After answering several general questions on EISB, the meetings and the strawman 2 itself, several issues were identified:

- How would an EISB be incorporated and what are the legal implications to GISB? Is there a way to preserve the non-profit and tax-exempt status? Mr. Costan will work with the GISB office to prepare a list of options by mid-July.
- How are GISB members to be made aware of an EISB based on the strawman 2, and what form would the notice to the members take? Members should have the opportunity to understand all the implications of an EISB – what portions are autonomous and governed specifically by each quadrant, and what portions are governed by the organization as a whole. It was noted that this discussion could take place at the August DOE meeting.
- How will the proposed members of each quadrant be identified so that they can vote to endorse the organization? It was reviewed how GISB was originally set up with the roles of the Natural Gas Council, INGAA, AGA, APGA, NGSA, EEI, IPAA, FMA and PGC/AISI² in populating the various segments. This may be one way to set up the organization with the assistance of the trade associations related to the retail gas and wholesale gas and electric quadrants³. It was further noted that this item needed more thought and that the quadrants themselves would consider how best to move forward.

² The trade associations referenced were the Interstate Natural Gas Association of America, the American Gas Association, the Natural Gas Supply Association, the Independent Producers Association of America, the American Public Gas Association, the Fuel Managers Association, the Edison Electric Institute, and the Process Gas Consumers/American Iron and Steel Institute.

³ Some of the trade associations and industry organizations that are related to the retail gas and wholesale gas and electric quadrants are the American Public Power Association, the American Gas Association, the American Public Gas Association, the Edison Electric Institute with the Uniform Business Practices group, the North American Electric Reliability Council, the Electric Power Supply Association, The National Energy Marketers Association and the Electricity Consumers Resource Council.



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In summary, Mr. Boswell noted that if everything goes as expected, there should be a motion at the GISB Board meeting in September endorsing EISB and committing to joining it and populating the wholesale gas quadrant. On the sunset provision, it also expected to be voted on at the September Board meeting and it is hoped that it will be extended to two or three years – giving more than adequate time for GISB to transition to EISB, should that be the case. It was further observed that though the vote to support EISB would be taken in September, the transition would probably not take place until the end of 2001 or the first quarter of 2002.

4. Advisory Committee

Mr. Boswell described the Advisory Committee meeting on May 7, 2001. The state commissioners were generally supportive, and saw great benefit in an EISB both as an additional information base and as a way to develop and maintain standards that would support the retail market. They were aware of and made it clear that an EISB would not take the place of their activities, but should EISB create standards that they determined would support their state's activities, they would then support those standards. They also observed that an EISB would bring greater efficiency to the national markets. GISB has been asked to speak to several state commissions and to committees at the upcoming Summer NARUC meeting in Seattle in July.

5. Annual Plan

Mr. Buccigross reviewed the 2001 Annual Plan efforts and responded to questions. He noted that the Contracts Subcommittee is drafting the short-term base purchase and sales contract now and all conceptual issues have been determined. Mr. Spangler covered the Sandia Report. No action is required of the Board at this time, but the report contains recommended changes to standards. The recommendations, which are phrased as GISB responses in the report, will be discussed by the Executive Committee on June 14, and follow the normal procedures of being sent out for industry comment, voted on by the EC at its August meeting, ratified by the membership in September, and brought back to the Board in September for a final review before the report is sent to the Department of Energy and the Sandia National Laboratories. The other action items on the plan were briefly reviewed with no questions from the Board. A summary of the status on the annual plan is provided in the meeting materials.

6. Financial Reports

Ms. McQuade reviewed the financial statements through April 30, 2001 and described the variances. The revenue collected is slightly higher than budgeted (2%) as an additional certification was performed and the classes have provided some additional revenue. The expenses year-to-date are 6% under budget or \$18,000 less than originally planned. However, the expenses for the advisory committee meeting held in May should offset most of this savings. The year-end estimates do not vary significantly from the original budget – less than 1%.

The instructors, Mr. Buccigross, Mr. Spangler, Ms. Munson and Ms. Corcoran were thanked for their efforts. The courses are well received by the attendees. Ms. Garcia thanked the American Gas Association for hosting the 4-day version 1.5 classes to be held at their facilities in Washington. Two other classes will be held in July – a contracts class and a version 1.5 change class – both to be held in Houston.



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7. Membership

Ms. Garcia and Ms. McQuade presented the membership report. The organization has lost fifteen members this year, but has gained twelve⁴ new members. The list of members who have declined to join in 2001 was reviewed.⁵ Mr. Buccigross and Mr. Lander were thanked for their efforts in encouraging companies to consider GISB membership. Ms. Caron Horton was introduced. She has joined the GISB staff as a summer intern and she is working with Ms. Garcia on a membership drive effort.

8. Other Business and Adjournment

French, German, Spanish, Belgian, Italian and Norwegian representatives of the Gas Transmission Europe recently visited GISB to discuss the organization and how to set up a similar standards organization in Europe. The GTE and the European Union Directive have invited Ms. McQuade to attend a conference in Madrid in July to further the discussions.

Ms. Garcia reviewed the progress to date on the annual meeting. Several speakers have already agreed to be on the program, which will be held on September 20 and 21 in Houston. The board meeting will be held on September 19.

Mr. Boswell noted his intent to bring the sunset question to a Board vote at the third quarter meeting. A memo provided by Mr. Costan, which was included in the meeting materials, discussed the procedure to be followed for the sunset vote and the provision for such in the GISB certificate of incorporation.

The meeting adjourned at 3:00 p.m.

⁴ The new members for 2001 are AIG Energy Trading, Calpine Energy Services, LP, ChooseEnergy, Cinergy Marketing and Trading, Energy Value Chain, Explore Interactive, Iconixx Corp., KW International, Logica, Lymeware Corporation, SCANA Corporation and Tiger Natural Gas.

⁵ The members who declined membership in 2001 are Blackstone Technology, Citizens Power Sales, Alliance Pipeline, Crestar Energy, KN Energy, Northern States Power, Ozark Gas Transmission, Paperfree Systems, Southern Connecticut Gas Company, Spherion, Wisconsin Electric Power, Dynegy Marketing and Trade, Koch Midstream Services, Tennessee Valley Authority and Akili.



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8. Attendance

Segment	Board Member Name	Member Company	Present
End Users	Janie Mitcham	Reliant Energy	Yes
	Paul Karns	Florida Power and Light	Yes
	Lee Smith	Midland Cogeneration Venture	No
	Vicky Bailey	Cinergy	No
	Jim Templeton	Comprehensive Energy Services	Yes
LDCs	Bill Boswell	CNG (Dominion)	Yes
	Walt DeForest	National Fuel Gas Distribution	No
	Adrian Chapman	Washington Gas and Light	Yes
	Reed Horting	PECO Energy	Yes
	Lee Stewart	SoCal Gas	No
Pipelines	John Somerhalder	El Paso Natural Gas	No
	Stan Horton	Enron Transportation Group	Yes
	Terry McGill	Columbia Gulf Transmission	Yes
	Ron Mucci	Williams Gas Pipeline	Yes
	Richard Kruse	Duke Energy Gas Transmission	Yes
Producers	Stan Hemmeline	ExxonMobil	Yes
	Allan Knopp	Conoco	Yes
	Bill Benham	BP Amoco	No
	Hugh Roberts	Marathon	No
	Abigail Bailey	Texaco Natural Gas	Yes
Services	Rick Lentz	TXU Energy Trading	Yes
	Julie Gomez	Enron Capital & Trade	No
	Greg Lander	CapacityCentral.com	Yes
	Lyn Maddox	PG&E Energy Trading	Yes
	Marty Patterson	Idaho Power	Yes

