



Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

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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 8, 2000

DATE: June 8, 2000

GAS INDUSTRY STANDARDS BOARD GISB BOARD OF DIRECTORS MEETING

**Houston Airport Marriott Hotel, Houston, Texas
June 8, 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. Ms. Bailey was welcomed as the new Board member. In Mr. Costan's absence, Mr. Horton gave the antitrust advice. The agenda was adopted with no changes.

2. Adoption of Minutes

The minutes of March 2, 2000 were adopted with no changes.

3. Retail Marketing Report

Mr. Costan, as general counsel, joined the meeting. Mr. Templeton reviewed the report provided in the meeting materials. He noted the meetings held with the American Gas Association, American Public Power Association, Edison Electric Institute (EEI), Interstate Natural Gas Association of America, Electricity Consumers Resource Council, Electric Power Supply Association, National Energy Marketers Association, and the Natural Gas Supply Association. He also reviewed meetings held with the Department of Energy, the Federal Energy Regulatory Commission, the North American Electric Reliability Council (NERC), and several state commissioners and their staff. He noted that we have met with Southern Company and plan to meet with AEP, Duke Energy and Unicom as well as other trade associations and the ISO Council.

He explained that two other groups might be developing business practice standards - namely, NERC and the Pennsylvania/New Jersey/Maryland



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Independent Systems Operator (PJM ISO). Both Mr. Templeton and Mr. Horton described a meeting held with executives that were named to an EEI board task force to review standards development. They noted that the review by the EEI task force is scheduled to continue through September to coincide with submissions of comments to the FERC on regional transmission organizations (RTO). It was noted that unless the creation of a new standards organization includes the support of several EEI utilities, it is unlikely that it will go forward. It was further noted that formation of a new standards organization to do both gas and electric standards – could coincide with the sunset vote required by GISB.

Mr. Buccigross described the briefing he gave to congressional staff on June 6, at the request of Ms. Van Way to the GISB Office. Mr. Buccigross added that this request was further evidence of recognition of our organization. He noted that the staff was expecting additional briefings from FERC and DOE. Mr. Lander described the reactions of some of the trade associations as similar to reactions when GISB was formed. It was noted that the EEI effort to date appears to be staff driven. Three alternatives were outlined: (1) do nothing, (2) vote “19/2”¹ to change the governance of GISB, or (3) sunset the organization through the sunset provision in the GISB certificate and then merge into a new organization.

In responses to questions from Mr. Bergstrom, the time and effort spent to date was reviewed. There has been no effect on the GISB Annual Plan. Mr. Bergstrom highlighted the differences in the environment that created GISB versus the environment and stakeholders today for the creation of a new organization to develop standards for both the wholesale and retail markets for natural gas and electricity. When GISB was created, the industry did so with the strong urging of the FERC. For development of standards for the retail gas and electricity, there is no such central regulatory authority. Jurisdiction resides with each state regulatory commission. The current FERC/EEI focus is the creation of regional transmission organizations (RTO). It was observed that the EEI effort to date to determine if a standards organization or indeed, the standards themselves are needed has been staff driven. During the meeting with the EEI Board officers, it was agreed that standards, if developed, would be done by an independent body – not a trade association.

Mr. Benham noted that to the extent that there is a momentum to develop standards, it should be done. He added the integrity of the GISB process should be maintained in a new organization, if it is created. He observed that

¹ On governance issues, changes to the GISB Certificate requires an affirmative Board vote with at least 19 affirmative votes including at least two affirmative votes from each segment on the Board.



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there is a general concern in his segment that the focus of GISB is diluted by this effort. He suggested that the process of determining whether a new organization should be created should be brought to a conclusion fairly shortly. He also noted that the conversations held with the various trade organizations and government agencies should be documented including their positions. Mr. DeForest agreed with Mr. Benham that the effort should be brought to resolution quickly.

Ms. Mitcham noted that GISB is a respected organization, both for its work products and its fair processes. She added that market circumstances will not permit companies to stagnate, and neither will the circumstance allow for GISB to maintain the status quo. She added we have an opportunity to support or lead the effort to create a new standards organization – and we will have more influence regarding the processes to be used in the new organization if we take a leadership role.

Mr. Horton summarized the discussions with the identification of three alternatives facing the board regarding the support for the creation of a new standards organization:

1. Do nothing.
2. Have a recommendation at a future meeting with a timetable set by GISB including a list of companies willing to join a new standards organization if it were a broader organization than GISB.
3. Have recommendation at a future meeting with a timetable set by EEI with the recognition that the EEI Board will not be ready to discuss the creation of such a recommendation until September at the earliest.

Mr. Lander added a fourth alternative, based on the second and third alternatives:

4. Have a recommendation prepared for GISB board review by September, and continue a parallel effort with board executives from EEI. Have a final resolution prepared for review and GISB board action in December, including a list of companies willing to join a new standards organization if it were a broader organization than GISB.

It was noted that action could be taken in December, or the sunset vote is to be taken in 2001. Mr. Stewart noted that GISB could proceed to build retail gas standards if alternative 1 is selected. Mr. Mucci noted that we should continue to work with EEI Board executives to determine if there is a core nucleus of support. He agreed that retail gas standards are within the purview of GISB and suggested we follow the dual path of working on GISB standards issues while we also work with the EEI board executives. He added that GISB is known as much for the processes we follow as for the standards we create and maintain – which has given us industry credibility and recognition.



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Mr. Lander made the first in a series of two motions. Mr. Templeton seconded both motions. The first motion was made that the task force should take no further action. The motion failed with two board members (Mr. Dixon and Mr. DeForest) in favor of the motion.

The second motion was made by Mr. Lander and seconded by Mr. Templeton on alternative 4. The motion was that the task force should:

- Continue its information collection effort with an interim report in September,
- Continue the parallel effort of discussions with EEI Board members, and
- Prepare a final resolution by the December Board meeting.

The motion passed with the remaining 18 board members in favor.

Mr. Horton convened an expanded task force to continue collecting information for the Board to review. The group includes Mr. Templeton, Ms. Vicky Bailey, Ms. Mitcham, Mr. Horting, Mr. Stewart, Mr. Boswell, Mr. Roberts, Mr. Knopp, Mr. Mucci, Mr. Horton, Mr. Lander and Mr. Bergstrom. The EC officers will continue as liaisons. The group will identify the action items, which will include drafting a straw man and ascertaining levels of support including resources and finances. A list should be prepared including companies willing to join the new standards organization GISB if it were a broader organization should be. Mr. Patterson noted that a reverse list should also be created: those GISB members that may not continue GISB membership if GISB determines to do nothing.

In response to Mr. Horton, all identified task force members indicated that they were willing to serve. The board should expect an interim report in September and final resolution in December. Mr. Horton will convene conference calls with the task force members shortly.

4. Annual Plan

Mr. Buccigross described the 2000 Annual Plan. He reiterated that the efforts expended to date (on the determination of if GISB would support the creation of a new standards organization) have not impacted GISB activities or focus regarding our annual plan. He described the activities to date in the contracts subcommittee. The subcommittee is chaired by Ms. McVicker and Ms. Metz. The subcommittee has reviewed GISB Standard 6.3.1, the base contract for short-term sales and purchases of natural gas – and is currently reviewing section §4. The subcommittee has grown to 70 participants. The review is not expected to conclude until to 3^d quarter. Other contract action items are dependent on the conclusion of this item first. The draft



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interoperability survey is being considered by the Executive Committee next week, and it is expected to conclude by 3rd quarter. The draft Sandia National Laboratories report was forwarded to the GISB office recently and we should be permitted to release the report either as a white paper, request for standards modifications, or both, shortly. The report does not recommend any substantive changes to our existing standards, and finds our security, performance and reliability standards to be adequate for our types of electronic transactions. The AS2 standards, which were written by GISB committee members, are currently undergoing a cross industry review. The GISB plan for addressing items in FERC Order No. 637 is to be considered by the Executive Committee at its meeting next week.

5. Financial Reports

Ms. McQuade reviewed the financial statements for April 2000. The reports include year-end analysis, which is expected to meet the original projections. 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. Membership is stable as measured against last year. Our web site should attract over one million accesses based on five months of statistics. We have given several speeches to increase the awareness of GISB and the benefits of membership. The annual meeting plans were reviewed by Ms. Garcia.

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	✓
	Dunham Cobb	Florida Power and Light	
	Lee Smith	Midland Cogeneration Venture	
	Vicky Bailey	Cinergy	✓
	Jim Templeton	Comprehensive Energy Services	✓
LDCs	Bill Boswell	Dominion Resources	✓
	Walt DeForest	National Fuel Gas Distribution	✓
	Adrian Chapman	Washington Gas and Light	
	Reed Horting	PECO Energy	✓
	Lee Stewart	SoCal Gas	✓
Pipelines	John Somerhalder	El Paso Natural Gas	
	Stan Horton	Enron Gas Pipeline Group	✓
	Terry McGill	Columbia Gulf Transmission	
	Ron Mucci	Williams Gas Pipeline	✓
	Bob Reid	Colorado Interstate Gas	✓
Producers	Pete Dickson	Exxon	✓
	Allan Knopp	Conoco	✓
	Bill Benham	BP Amoco	✓
	Hugh Roberts	Marathon	✓
	Abigail Bailey	Texaco Natural Gas	✓
Services	Steve Bergstrom	Dynegy Marketing & Trade	✓
	Julie Gomez	Enron Capital & Trade	✓
	Greg Lander	CapacityCentral.com	✓
	Lyn Maddox	PG&E Energy Trading	✓
	Marty Patterson	Idaho Power	✓



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Presenters: Jim Buccigross Group 8760, Chairman 2000 Executive Committee

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

Observer	Company Represented	GISB Member
Miriam Arnaout	American Gas Association	
Alex DeBoissiere	Cinergy	✓
Kim Van Pelt	CMS Panhandle Eastern Pipe Line	✓
Bill Grygar	CMS Panhandle Eastern Pipe Line	✓
Bill Griffith	Colorado Interstate Gas	✓
Michael Hansen	Columbia Gulf	✓
Cynthia Corcoran	Corcoran Law Offices - BTU Watch	✓
Debra Stubblefield	Corcoran Law Offices - BTU Watch	✓
Mark Scheel	Dynegy Inc.	✓
Theresa Hess	Enron Gas Pipeline Group	✓
Shelley Corman	Enron Gas Pipeline Group	✓
Gary Payne	Enron North America	✓
Richard Smith	ExxonMobil	✓
Karen Gossett	Koch Gateway	✓
Leigh Spangler	Latitude Technologies	✓
Joyce Phillips	PanCanadian	✓
Julie Unruh	Reliant Energy	✓
Larry Smith	Tennessee Gas Pipeline	✓
Mark Gracey	Tennessee Gas Pipeline	✓
Dale Davis	Williams Gas Pipeline	✓