



## 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 – September 27, 2000  
**DATE:** September 27, 2000

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

**The Menger Hotel, San Antonio, Texas  
September 27, 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. Karns was welcomed as the new Board member. Mr. Costan gave the antitrust advice. The agenda was adopted with no changes.

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

The minutes of June 8, 2000 were adopted with no changes.

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

Mr. Horton reported on the development of the strawman. The board task force<sup>1</sup> recommends that the Board discuss this strawman at the September Board meeting, and approve the strawman report for the purposes of discussion with interested parties. The discussion would address the possibility of either GISB expanding its scope to address standards for the electric industry or the establishment of a new organization along the lines of the strawman into which current GISB resources, work efforts and existing standards would be transferred. The task force was commended on its work product. Below are several of the comments made during the discussion, which are grouped by topic.

- General:

Concerns that were raised earlier on gas/electric balance and structure have been answered, and regulatory support can only be supported through market reactions and support. The 2001 annual plan and how robust will it be should factor into the board decisions on the strawman – which leads to December as an appropriate time for a board vote on the strawman.

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<sup>1</sup> **Board Task Force and Contributors:** Stan Horton (Enron Transportation Services Company), Ron Mucci (Williams Gas Pipeline), Hugh Roberts (Marathon Oil), Allan Knopp (Conoco), Jim Templeton (Comprehensive Energy Services), Vicky Bailey (Cinergy – Public Service of Indiana), Janie Mitcham (Reliant Energy), Greg Lander (CapacityCenter.com), Steve Bergstrom (Dynergy), Reed Horting (PECO Energy), Lee Stewart (SoCal Gas), Bill Boswell (Dominion Resources), Jim Buccigross (Group 8760), Mike Novak (National Fuel Gas Distribution), Shelley Corman (Enron Transportation Services Company), Bill Oppenheim (PECO Energy), Mark Scheel (Dynergy) and Keith Sappenfield (Reliant Energy).



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To have a workably liquid and competitive marketplace, the markets should work together which is more feasible if the standards work together. Market convergence is a reality, and the marketplace will drive this activity. Not much should be read into lack of regulatory support until the regulators have something to see.

- Concerns:

Some concerns voiced by members included reservations on GISB moving forward with the strawman as there was little state commissioner support based on the speaker notes from recently held GISB annual meeting, the ability to finance such an organization has not been demonstrated, and the unwieldiness of the two 40-person governance structures could cause the organization to be less membership driven and more staff driven. In moving forward, a board member noted that the GISB organization would be risking the structure that makes it work today.

A specific concern raised on the strawman included the membership criteria for local distribution companies who are combination gas and electric. The companies will join and declare interest under the strawman, and may be more likely choose to join as an electric interest - which would cause a dilution and marginalization of the gas distribution interests. It was noted that the company could join twice - once for each section interest.

- Regulatory Support:

In response to some of the concerns, other members explained that if the strawman is implemented, success should be measured first via market acceptance, and that success and industry acceptance should not be dependent on regulatory mandate. There was discussion on how GISB first started, including the ambivalence of the FERC chairperson at that time. It was observed that now, GISB is considered a valued partnership, which was evidenced by the presentations of the speakers at the annual meeting.

- Determinants of Industry Support:

For an industry level of demonstrated support, GISB could approach the electric industry and determine if an agreement from Edison Electric Institute is feasible. When GISB began, similar support statements were made by INGAA, AGA and NGSA. Pledges of new members would be another measure of industry support.

GISB has reviewed the Coalition for Uniform Business Rules (CUBR) request for more than one year. The importance of the market was emphasized in whether the strawman is accepted, and the concomitant funding necessary for running a joint standards board.

- Board Actions & Plans:

Some task force members noted that a strong sense of the Board is needed in order to communicate effectively with electric industry interests. Further, it would be ineffective to begin industry discussions on the strawman, with a level of support from the board, which could lead to its non-acceptance (failure of a "19/2" vote) in December at the board meeting.

The organization has three choices: (1) continue with the existing efforts, (2) change GISB's scope, or (3) sunset GISB and transfer to a new organization. From a long-term perspective, it was noted that choice 1 really didn't exist. The organization should address the needs of the marketplace or become irrelevant.

GISB has industry credibility and now a proposal for an organizational structure. The strawman should be circulated for industry comments. GISB is asking the industry to critique the strawman, and a plan should be developed for such.



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As the board votes in December, if the strawman is accepted, it will take time to implement the organizational structures and governance documents, during which the existing GISB activities should continue. Some of those activities could include retail gas standards, which are within the scope of GISB's existing governance documents.

Prior to the vote being taken, several board members noted that they supported the strawman distribution for discussion and circulation, but it should not be construed as support for the development of an Energy Standards Board unless industry support was demonstrated. Mr. Boswell made the motion that:

"The GISB Board has reviewed and discussed the Energy Standards Board Strawman presented by the task force. GISB's Board authorizes its release as a means to further the discussion of the concept of a joint electric and natural gas standards board."

The motion passed with a vote of eighteen in favor and one against.

Mr. Horton noted that he would be calling on the EEI to discuss this strawman. He also noted that the DOE/NARUC conference will be held in late November and he has been asked to speak or arrange a substitute from GISB to speak. Mr. Horton asked Ms. McQuade to set up a conference call for the task force to meet within the next week. In that call, the task force members and other Board members that may be interested in participating, will lay out a plan for how to distribute and discuss the strawman. A press release will go out at the end of today's meeting and the strawman will be posted on the GISB web site.

#### **4. Annual Meeting**

Mr. Sappenfield and the GISB office were thanked for an outstanding Annual Meeting. There were suggestions made for how to accommodate the schedule so that more Board members could attend.

#### **5. Annual Plan**

Mr. Buccigross noted that he would take the annual plan items out of sequential order. Item no. 8, "AS2 Convergence Project", the development of the GISB AS2 standards is completed. This item has had far reaching implications: several states have adopted the GISB AS2 standard for application to the retail market for both gas and electricity. Other industries are using this standard or are considering its use - including the insurance, health and automotive industries. Mr. Buccigross noted that it is backwardly compatible.

Item no. 2, "Modify the short-term base contract for purchase and sales of natural gas based on several years' use", is underway and running behind schedule. All meetings have been held via conference call, with more than 70 participants. It should be complete by year-end. Once completed, the two items dependent on item no. 2, namely item no. 1, "Build an electronic contract from the short-term base contract for purchase and sales of natural gas", and item no. 3, "Contracts Request No. R98019 - Development of a Standard/Model Long Term Base Contract for Purchase and Sales of Natural Gas", will begin.

Item no. 4, "Interoperability Survey", is complete. The Executive Committee at its next meeting will assign the compilation of the survey to a subcommittee. The compilation of these results should drive the completion of item no. 6, "Review and modify GISB web standards



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based on interoperability issues". It should be substantially complete by the end of the year.

Sandia National Laboratories has issued the surety assessment report, which is provided as part of the meeting materials. A workshop was held earlier in September, where two Sandia representatives reviewed the report. Mr. Buccigross covered the findings and possible modifications and enhancements to the GISB standards. In summary, the report offered a few suggestions to improve security and interoperability and a few other suggestions to improve the clarity of the language. Overall, the report noted that the GISB standards provide adequate security, reliability and performance for the transactions for which they are used. Mr. Buccigross noted that the GISB Future Technology Task Force discussed most of the areas for improvement in 1994 to 1996, at a time when some of the technology noted in the report was not readily available. He commended the task force for its expertise.

As a result of the report being issued and declassified, item no. 5, "Development of standards and modifications of existing standards based on Sandia report", will now be assigned to the appropriate subcommittee along with the report to begin the process of determining which standards should be changed or created based on the report. Item no. 7, "Review suitability and/or modifications to GISB EDM security standards", will also begin based on the Sandia report and also on the compilation of the survey results. While these items may be slightly behind schedule, they should conclude by fourth quarter 2000 or early in 2001. Mr. Buccigross thanked Sandia National Laboratories and the Department of Energy, the sponsor for the surety assessment, for their support and efforts.

Ms. Van Pelt gave a review of the significant efforts taken to develop standards to support FERC Order No. 637. Mr. DeForest expressed concern that the annual plan notes that the business practices for Order 637 is substantially complete. In particular, he raised concerns on standards needed to address partial day releases and recalls, which he and others considered to be reliability issues, but that have not been accommodated in the standards proposed. He observed that although the distribution companies did not participate in the efforts to develop the standards, they are seriously concerned that the proposed standards and outcomes from the subcommittees do not support their issues. He added that in June and August, at the Executive Committee meetings, the LDCs made their concerns known. Mr. DeForest read a statement regarding these concerns, in order to apprise the Board of these issues, but he is not at this time asking the Board to take any specific action.

Mr. Lander noted that Mr. DeForest's concerns were not as a result of a failure of GISB's process, but rather a failure of LDC attendance and participation. He further noted that the subcommittee participants were not aware of the LDC issues, but that now that everyone is aware, it can be addressed through GISB existing processes. Specifically Mr. Buccigross informed the Board that an emergency Executive Committee meeting is being in the afternoon to discuss how to address the concerns. Mr. Buccigross will undertake to express these concerns at the EC meeting and take appropriate actions. Mr. Buccigross noted that if there was lapse in the BPS, the safeguard of the process is demonstrated by the meeting called today.

### **6. Financial Reports**

Ms. McQuade reviewed the financial statements for September 2000. The reports include year-end analysis, which is expected to meet the original projections.

### **7. Membership**

Ms. Garcia and Ms. McQuade presented the membership report. Membership is stable as measured against last year.



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### **8. Adjournment**

The meeting adjourned at 10:55 a.m.



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### 9. Attendance

Segment	Board Member Name	Member Company	Present
End Users	Janie Mitcham	Reliant Energy	✗
	Paul Karns	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 Light Company	✓
	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

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Observer	Company Represented	GISB Member
Miriam Arnaout	American Gas Association	
Jane Lewis	American Gas Association	✓
Mike Bray	Bray and Associates	
Alex DeBoissiere	Cinergy	✓
Kim Van Pelt	CMS Panhandle Eastern Pipe Line	✓
Bill Grygar	CMS Panhandle Eastern Pipe Line	✓
Marilyn S. Adusei-Poku	Columbia Gas of Ohio	✓
Steve Sullivan	Consolidated Edison of New York	✓
Cynthia Corcoran	Corcoran Law Offices – BTU Watch	✓
Kathryn Burch	Duke Energy – Texas Eastern	✓
Mark Scheel	Dynegy Inc.	✓
Laurence Brown	Edison Electric Institute	
Gary Payne	Enron North America	✓
Theresa Hess	Enron Transportation Services	✓
Richard Smith	ExxonMobil	✓
Gene Fava	Great Lakes Gas Transmission	✓
Karen Gossett	Koch Gateway	✓
Leigh Spangler	Latitude Technologies	✓
Chris Maturo	NiSource, Inc.	✓
Keith Sappenfield	Reliant Energy	✓
Mark Gracey	Tennessee Gas Pipeline	✓
Ken Schubert	TransCanada Pipeline	✓
Jim Keisler	Williams Gas Pipeline	✓

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