



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

**North American Energy Standards Board
Board of Directors Meeting
June 26, 2003**



**NORTH AMERICAN ENERGY STANDARDS BOARD
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TABLE OF CONTENTS

Tab 1	Opening Remarks <ul style="list-style-type: none">• Meeting Announcement• Members of the Board of Directors & Terms• Calendar of 2003 Meetings• Antitrust Guidelines
Agenda	Agenda
Minutes	Draft Minutes of March 20, 2003
Tab 2	Executive Director's Report <ul style="list-style-type: none">• Department of Energy work with Sandia National Labs• Data Interchange Standards Association Appeals Efforts• Monthly Update Calls – "At A Glance"• Changes to the NAESB Web Site• Membership Report• Annual Meeting Report• Membership Report
Tab 3	Financial Report <ul style="list-style-type: none">• Accrual Based YTD 2003
Tab 4.	Executive Committee Report <ul style="list-style-type: none">• Wholesale Gas Quadrant<ul style="list-style-type: none">• Annual Plan• Request on Location Standards for Publishers of Price Indices• Creditworthiness Standards Forwarded to the FERC• Publishing Version 1.7• Wholesale Electric Quadrant<ul style="list-style-type: none">• Annual Plan• Funds Transfer Agent Agreement• Complementary NAESB Standards Requests to two NERC SARs• Retail Gas and Retail Electric Quadrants<ul style="list-style-type: none">• Annual Plans• Results of Gas Practices Inventory Survey
Tab 5.	Update on Related Groups <ul style="list-style-type: none">• Joint Interface Committee Recent Minutes• Electronic Scheduling Collaborative Transition Report
Tab 6.	Managing Committee Report <ul style="list-style-type: none">• Letter to the WGQ Executive Committee Members
Tab 7.	Old and New Business <ul style="list-style-type: none">• Recent Meetings with the FERC and the DOE



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

WELCOME AND OPENING REMARKS

- The meeting specifics are:

WHERE: Sheraton North Houston Hotel
15700 John F. Kennedy Boulevard
Houston, TX 77032
Hotel Phone: 281-442-5100

WHEN: Thursday, June 26
9:00 a.m. to 12:30 p.m. Central

Please feel free to call (713-356-0060) if you have any questions or comments, or additions to the agenda. If you would prefer attending by conference call, the NAESB Office can provide the conference calling information. The materials are posted on the NAESB Home Page in the "Board of Directors" area for attendees to download.

- For further assistance please reach:

Veronica Thomason at (713) 356 - 0060

- The officers presiding over the Board of Directors meeting are:

Leonard Haynes	- Chairman
Michael Desselle	- Vice Chairman Wholesale Electric Quadrant
Mark Maassel	- Vice Chairman Retail Gas Quadrant
Bill Boswell	- Vice Chairman Wholesale Gas Quadrant
Rae McQuade	- Executive Director

North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
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Home Page: www.naesb.org

NORTH AMERICAN ENERGY STANDARDS BOARD 2003 BOARD TERMS - Wholesale Gas Quadrant

END USER SEGMENT		TERM END:
Jim Downs	Manager of Gas and Regulatory and Federal Compliance, Calpine Corp.	Dec 31, 2004
Joe Stepenovitch	Vice President, Energy Marketing & Trading, Florida P&L	Dec 31, 2004
John Procaro	Vice President & COO, Cinergy	Dec 31, 2004
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	Dec 31, 2005
Jim Templeton	Principal, Comprehensive Energy Services	Dec 31, 2005
LDC SEGMENT		TERM END:
Bill Boswell	Assistant Secretary, Dominion	Dec 31, 2004
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisitions, Washington Gas Light Company	Dec 31, 2004
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	Dec 31, 2004
Walt DeForest	Senior Vice President, National Fuel Gas Distribution	Dec 31, 2005
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co	Dec 31, 2005
PIPELINE SEGMENT		TERM END:
Terry McGill	Executive Vice President, Enbridge Energy	Dec 31, 2004
John Somerhalder	President, El Paso Energy Pipeline Group	Dec 31, 2004
Shelley Corman	Senior Vice President & Chief Commercial Officer - Transwestern Pipeline, Enron Transportation Services Company	Dec 31, 2004
Ron Mucci	Senior Vice President Shared Services, Williams Gas Pipeline	Dec 31, 2005
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	Dec 31, 2005
PRODUCER SEGMENT		TERM END:
Randy Mills	Regulatory Manager, ChevronTexaco	Dec 31, 2004
William T. Benham	Vice President - Regulatory Affairs, BP Energy Company	Dec 31, 2005
Keith Sappenfield	Regional Director - US Regulatory Affairs, EnCana Marketing (USA) Inc.	Dec 31, 2005
VACANCY	VACANCY	Dec 31, 2004
VACANCY	VACANCY	Dec 31, 2005
SERVICES SEGMENT		TERM END:
Sylvia Munson	Principal, Elite Computer Consultants	Dec 31, 2004
VACANCY	VACANCY	Dec 31, 2004
Jim Buccigross	Vice President Energy Industry Practice, Group 8760 LLC	Dec 31, 2005
Lyn Maddox	President & COO, PG&E Energy Group Trading	Dec 31, 2005
G. William Hebenstreit	Vice President Contract Services, El Paso Merchant Energy	Dec 31, 2005

OFFICERS: Leonard Haynes is CEO and 2003 chairman of the Board of Directors. Rae McQuade as Executive Director serves as Secretary and COO. Michael Desselle is the WEQ Vice Chairman. Bill Boswell is the WGQ Vice Chairman. Mark Maassel is the RGQ Vice Chairman.

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NORTH AMERICAN ENERGY STANDARDS BOARD 2003 BOARD TERMS - Retail Electric Quadrant

DISTRIBUTOR SEGMENT		TERM END:
Dave Koogler	Director - Regulation & Competition, Dominion Virginia Power (SERC NERC Region).	Dec 31, 2005
Bill Bourbonnais	Assistant Vice President - Transmission, WPS Resources Corporation (MAIN NERC Region)	Dec 31, 2005
Johnny Magwood	Vice President Customer Services, Baltimore Gas and Electric Company	Dec 31, 2004
Leonard Haynes	Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region)	Dec 31, 2004
END USER SEGMENT		TERM END:
Sonny Popowsky	Pennsylvania Office of Consumer Advocate	Dec 31, 2005
V A C A N C Y		Dec 31, 2005
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2004
SERVICES SEGMENT		TERM END:
H. Ward Camp	Vice President Regulatory and Strategic Alliances, Distribution Control Systems, Inc.	Dec 31, 2005
Stacey Park	Director, The Structure Group	Dec 31, 2005
J Cade Burks	President, EC Power	Dec 31, 2004
John Williams	Chief Executive Officer and Co-founder, 8760.	Dec 31, 2004
SUPPLIER SEGMENT		TERM END:
Brian Landrum	President, Reliant Energy Retail Services	Dec 31, 2005
Jason Woodward	Director of Business Services, Tractebel Energy Services, Inc.	Dec 31, 2005
V A C A N C Y		Dec 31, 2004
Richard Zelenko	General Manager, Dominion Retail Inc.	Dec 31, 2004

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NORTH AMERICAN ENERGY STANDARDS BOARD 2003 BOARD TERMS - Wholesale Electric Quadrant

END USER SEGMENT		TERM END:
John A. Anderson	Executive Director, Electricity Consumers Resource Council (ELCON)	Dec 31, 2005
James B. Rouse	Associate Director Energy Policy, Praxair, Inc.	Dec 31, 2004
Carol Guthrie	General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company	Dec 31, 2004
Michael J. Travieso	People's Counsel, Maryland People's Counsel	Dec 31, 2005
Ron Jackups	Vice President, Electric System Operations, Cinergy	Dec 31, 2005
Brett Perlman	Commissioner, Public Utility Commission of Texas	Dec 31, 2004
LDC SEGMENT		TERM END:
Frank Johnson	Senior Vice President Electric Transmission and Distribution, Consumers Energy	Dec 31, 2005
Jim Miller	Vice President & General Counsel, Southern Company Services Inc.	Dec 31, 2004
Ted Humann	Senior Vice President Transmission, Basin Electric Power Cooperative	Dec 31, 2005
Arthur G. Fusco	Vice President and General Counsel, Central Electric Power Cooperative Inc.	Dec 31, 2004
Mark B. Bonsall	Chief Financial Executive/Associate General Manager, Salt River Project	Dec 31, 2005
V A C A N C Y	To be filled from the Competitive Retailer Sub-Segment	Dec 31, 2004
GENERATION SEGMENT		TERM END:
Forrest E. Reeves	Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration	Dec 31, 2004
Charles W. Severance	Director Bulk Power, Wisconsin Public Service Corporation	Dec 31, 2005
John J. Dellas	Executive Director Electric Restructuring, Consumers Energy	Dec 31, 2004
David McMillan	Director Market Design, Calpine Corp.	Dec 31, 2005
Thomas Ingwers	Director, Energy Trading and Contracts, Sacramento Municipal Utility District	Dec 31, 2005
Gloria Ogenyi	Director Energy and Market Policy, Conectiv Energy Supply, Inc.	Dec 31, 2004
TRANSMISSION SEGMENT		TERM END:
W Terry Boston	Executive Vice President - Transmission/Power Supply Group, Tennessee Valley Authority	Dec 31, 2004
Peter Flynn	Vice President Transmission Strategy and Policy, National Grid USA	Dec 31, 2005
Dale Landgren	Vice President and Chief Strategic Officer, American Transmission Company	Dec 31, 2004
Carroll Waggoner	Sr. Manager Transmission Policy, Sunflower Electric Power Corporation	Dec 31, 2005
John H. Zemanek	Vice President Transmission, Entergy Services, Inc.	Dec 31, 2004
Michael Desselle	Director Public Policy, American Electric Power	Dec 31, 2005
MARKETER/BROKER SEGMENT		TERM END:
Steve Oliver	Vice President of Bulk Power Marketing Transmission Services, Bonneville Power Administration/Power Business Line	Dec 31, 2005
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	Dec 31, 2005
Thomas A. Smith	Manager of Power Marketing, Tri-State Generation & Transmission	Dec 31, 2004

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NORTH AMERICAN ENERGY STANDARDS BOARD 2003 BOARD TERMS - Wholesale Electric Quadrant

	Association, Inc.	
John Meyer	Vice President - Asset Commercialization, Reliant Energy	Dec 31, 2005
Dowell Hudson	Vice President Special Projects, Energy Markets, Ontario Power Generation	Dec 31, 2004
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Marketing Inc.	Dec 31, 2004

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NORTH AMERICAN ENERGY STANDARDS BOARD 2003 BOARD TERMS - Retail Gas Quadrant

DISTRIBUTORS SEGMENT		TERM END:
Craig White	Acting Chief Operating Officer, Philadelphia Gas Works	Dec 31, 2004
Glen R. Schwalbach	Assistant Vice President Corporate Planning, Wisconsin Public Service Corporation	Dec 31, 2003
Mark T. Maassel	Vice President Regulatory & Government Policy, NiSource, Inc.	Dec 31, 2004
Paul J. Szykman	Manager - Rates & Strategic Planning, UGI Utilities, Inc.	Dec 31, 2003
Joseph F. Bodanza	Senior Vice President for Finance Operations & Regulatory Affairs, KeySpan Energy	Dec 31, 2003
V A C A N C Y		Dec 31, 2004
END USERS SEGMENT		TERM END:
Matthew G. Parsell	Assistant Director, Natural Gas Division, Indiana Office of Utility Consumer Counselor	Dec 31, 2004
Tina Burnett	Chair, Northwest Industrial Gas Users Association	Dec 31, 2004
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
SERVICE PROVIDERS SEGMENT		TERM END:
Leigh Spangler	President, Latitude Technologies Inc.	Dec 31, 2004
Dave Pfeifer	Vice President - Energy, EnForm Consulting, LP	Dec 31, 2004
Dave Darnell	President & CEO, Systrends Inc.	Dec 31, 2003
Greg Lander	Principal, CapacityCenter.com	Dec 31, 2003
Richard J. Rudden	President & CEO, R. J. Rudden Associates, Inc.	Dec 31, 2003
V A C A N C Y		Dec 31, 2004
SUPPLIER SEGMENT		TERM END:
Randy Magnani	Director C&I Operations, Amerada Hess Corporation	Dec 31, 2004
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003



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March 3, 2003

TO: NAESB Board of Directors
FROM: Rae McQuade, NAESB Executive Director
RE: Meeting Schedule

Dear Board Members,

Below is the 2003 meeting schedule for Board of Director meetings. All meetings will be accessible by phone, and meeting materials for each meeting will include a ballot for notational voting. All Board meetings will be transcribed.

Date	Time	Location
Thursday, March 20	9:00 am to 12:30 pm Central	AGA Offices, Washington D.C.
Thursday, June 26	9:00 am to 12:30 pm Central	Houston, Texas at IAH Airport
Thursday, September 18	9:00 am to 12:30 pm Central	Driskill Hotel, Austin, Texas
Thursday, December 4	9:00 am to 12:30 pm	Location to be Determined

Best Regards,

Rae

Rae McQuade
NAESB Executive Director & COO



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ANTITRUST GUIDELINES

- The following guidelines will be reviewed by counsel at the meeting. The meeting will be monitored, transcribed, and minutes will be taken. The guidelines are as follows:

Antitrust guidelines direct meeting participants to avoid discussion of topics or behavior that would result in anticompetitive behavior including: restraint of trade and conspiracies to monopolize, unfair or deceptive business acts or practices, price discriminations, division of markets, allocation of production, imposition of boycotts, and exclusive dealing arrangements.

Any views, opinions or positions presented or discussed by meeting participants are the views of the individual meeting participants and their organizations. Any such views, opinions or positions are not the views, positions or opinions of NAESB, the NAESB Board of Directors, or any NAESB Committee or Subcommittee, unless specifically noted otherwise.

As it is not the purpose of the meeting to discuss any antitrust topics, if anyone believes we are straying into improper areas, please let us know and we will redirect the conversation.



**NORTH AMERICAN ENERGY STANDARDS BOARD
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AGENDA



North American Energy Standards Board

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June 12, 2003

TO: NAESB Board of Directors
FROM: Rae McQuade, NAESB Executive Director
RE: Meeting Agenda for the NAESB Board Meeting – June 26, 2003

Dear Board Members,

The June Board meeting will be held in Houston at the Sheraton North Houston Hotel, which is located adjacent to the George Bush Intercontinental Airport. The specifics of the meeting are:

Where: Sheraton North Houston Hotel
15700 John F. Kennedy Boulevard
Houston, TX 77032
Hotel Phone: 281-442-5100

When: Thursday, June 26
9:00 a.m. to 12:30 p.m. Central

When making reservations at the Sheraton North Houston Hotel, please note that you are with the North American Energy Standards Board in order to receive the discounted rate of \$119.00 per night.

We look forward to seeing you at the meeting. Conference calling will be available should you be unable to attend in person. The draft agenda is attached and meeting materials should be prepared for you shortly.

Best Regards,

Rae McQuade
NAESB Executive Director



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NORTH AMERICAN ENERGY STANDARDS BOARD OF DIRECTORS MEETING Sheraton North Houston Hotel

**Thursday, June 26, 2003 - 9:00 a.m. to 12:30 pm Central
DRAFT AGENDA**

- | | | |
|------------|----|---|
| 9:00 a.m. | 1. | Welcome & Administrative Items <ul style="list-style-type: none">• Antitrust Guidelines• Welcome to New Board Members• Agenda Adoption• Adoption of Minutes from 3-20-03 |
| 9:15 a.m. | 2. | Executive Director's Report <ul style="list-style-type: none">• Department of Energy Work with NAESB on the Review of EDM Standards• Data Interchange Standards Association Appeals Efforts• Monthly Update Calls - "At A Glance"• Changes to the NAESB Web Site• Membership Report• Annual Meeting Report |
| 9:30 a.m. | 3. | Financial Report <ul style="list-style-type: none">• Accrual Based Report 2003 YTD |
| 9:45 a.m. | 4. | Executive Committee Report <ul style="list-style-type: none">• Wholesale Gas Quadrant• Wholesale Electric Quadrant• Retail Gas & Retail Electric Quadrants |
| 10:30 a.m. | | Break |
| 10:45 a.m. | 5. | Updates on Related Groups <ul style="list-style-type: none">• Joint Interface Committee• Electronic Scheduling Collaborative• Seams Efforts |
| 11:15 a.m. | 6. | Managing Committee Report <ul style="list-style-type: none">• Letter to the WGQ Executive Committee Members |
| 11:45 a.m. | 7. | Old and New Business <ul style="list-style-type: none">• Recent Meetings with the FERC and the DOE |
| 12:30 pm | | Adjourn |



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

MINUTES



North American Energy Standards Board

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TO: NAESB Board of Directors, Posting for Interested Industry Participants
FROM: Meghan McMillan, NAESB Staff
RE: Draft Minutes from the NAESB Board of Directors Meeting - March 20, 2003
DATE: April 4, 2003

**NAESB Board of Directors Meeting
Thursday, March 20, 2003
9:00 a.m. - 12:30 p.m.
Draft Minutes**

1. Welcome & Administrative Items

Mr. Boswell opened the meeting and welcomed the Board Members and special guests. Ms. Ogg gave the antitrust guidelines and monitored the meeting as antitrust counsel. Mr. Hartsoe moved, seconded by Mr. Desselle to adopt the agenda. Upon a procedural vote the agenda was adopted as written. Mr. Camp moved, seconded by Mr. Horting to adopt the draft minutes from the November 21, 2002 Board meeting. Upon a procedural vote the minutes were adopted as written.

2. Executive Director's Report

Ms. McQuade reviewed quadrant membership as follows: 169 Wholesale Electric Quadrant (WEQ), 42 Retail Gas Quadrant (RGQ), 46 Retail Electric Quadrant (REQ), and 133 Wholesale Gas Quadrant (WGQ). She noted projected membership growth in the upcoming months. Ms. McQuade stated ANSI has approached NAESB regarding participation in several of their subcommittees, and NAESB has volunteered to participate in the National Policy Committee, Organizational Member Forum, and Homeland Security. Additionally, she noted Mr. Buccigross will be representing NAESB on ANSI's Patent Subcommittee.

Ms. McQuade stated NAESB is working with the Department of Energy on developing a training program for the Funds Transfer Agent Agreement, which was passed in 1997. To that end, NAESB has begun, and nearly completed, development of a training program CD to be used by Chambers of Commerce, state regulatory agency staff and Women and Minority Business Enterprises (WMBE) companies.

Mr. Brown asked Ms. McQuade to further explain NAESB's relationship with ANSI, specifically the Homeland Security area. Ms. McQuade responded the Homeland Security Standards Panel (ANSI-HSSP) has not met since NAESB has begun its involvement, but it is expected that standards will be developed that may relate to our work. Ms. McQuade expected that NAESB's involvement in the subcommittee will ensure our voice in the ANSI HSSP process. Mr. Hudson asked if NAESB is looking for Board members to volunteer for participation in these ANSI subcommittees. Ms. McQuade stated more detailed information on these subcommittees will be provided to the Board, as available, and welcomed any volunteers. Mr. Hudson and Mr. Brown both volunteered to participate in NAESB's effort to contribute to ANSI subcommittees, and to the ANSI-HSSP effort specifically. Mr. Boswell asked any other interested party to notify Ms. Garcia at the NAESB office.

Ms. McQuade announced the NAESB office is moving and updated information will be sent out via US Mail by the end of the month.

3. Financial Report

Ms. Wishart gave the financial report, which focused on the transition from GISB to NAESB. She stated in 2003 NAESB budgeted \$1,343,000 for membership (about 390 members) and as of March



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2003 NAESB has met that projection. Ms. McQuade noted NAESB had a financial review in 2000-2001 with no adverse findings and there will be another review at the beginning in late April 2003 for the 2002 accounts.

4. Executive Committee Report

Retail Gas Quadrant (RGQ) Annual Plan

Mr. Buccigross stated the RGQ has officially adopted its annual plan for 2003. He noted many items on the RGQ plan will be addressed jointly with the Retail Electric Quadrant. Mr. Novak asked if there were any questions regarding the 2003 RGQ Annual Plan. Ms. Ogenyi asked for a description of the Retail Utility-Supplier Dispute action item on the RGQ plan (item 11). Mr. Novak noted the Gas Practices Inventory Task Force (GPITF) will be researching this item and the Supplier-Utility Interface Subcommittee will use its input to facilitate the development of standards in this area. Mr. Deforest asked about the language used in action item 3 (Creditworthiness). Mr. Boswell noted creditworthiness is on the agenda for this meeting, and the Board is being asked to review and approve the 2003 RGQ Annual Plan as a whole. Mr. Novak stated the language used in Item 3 of the RGQ plan is the same as the language used in the creditworthiness item in the 2003 WGQ Annual Plan. Mr. Deforest voiced concerns that the working groups are having trouble interpreting the language used for action item 3 on the RGQ Annual Plan. Mr. Buccigross stated the Managing Committee has discussed this issue and Mr. Costan, NAESB's General Counsel, has drafted a memorandum, which was included in the Board materials, that summarizes the consensus that NAESB can discuss policy but does not set policy. Mr. Buccigross moved, seconded by Mr. Zelenko, to adopt the 2003 RGQ Annual Plan. Upon a procedural vote the motion carried unanimously.

Wholesale Gas Quadrant (WGQ) Annual Plan

Mr. Buccigross noted the introductory language added to all the annual plans, including the 2003 WGQ Annual Plan. He noted the NAESB EDM standards will be submitted to ANSI to be published as ANSI standards. It was noted that no decision has been made between NAESB and ANSI regarding the numbering system for the EDM standards published by ANSI. Mr. Buccigross stated the next item addresses the exploration of possibilities for partnership with the Department of Energy (DOE). NAESB is still in contact with the DOE and is waiting to see if there is a possibility of another grant based on the President's Commission on Critical Infrastructure Protection and Homeland Security. The WGQ Business Practices Subcommittee (BPS) has been meeting to discuss the Creditworthiness issue and that work is ongoing. The BPS will submit a report detailing their progress on Creditworthiness to the FERC on June 1, 2003.

Wholesale Electric Quadrant (WEQ) Annual Plan

Mr. Buccigross noted the 2003 WEQ Annual Plan is heavily loaded towards the end of the year, but the WEQ subcommittees and task forces have been meeting regularly. Mr. Boswell stated the MOU between NAESB and NERC will have to be worked into the Annual Plan development process for subsequent years.

Retail Electric Quadrant (REQ) Annual Plan

Mr. Buccigross noted the REQ and RGQ are pursuing efforts to coordinate on several similar annual plan items. He stated some of these items have a first quarter completion date for the REQ, but due to the coordination effort these dates will probably be pushed back.



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5. Parliamentary Committee Report and Resolutions

Mr. Boswell referred participants to Board Book, Tab 5, which contains the resolution to adopt the NAESB Operating Procedures (NAESBOps). A handout was distributed containing the revised language of this resolution, which reads as follows:

"Be It Resolved that the NAESB Board of Directors adopts the NAESB Operating Procedures attached to the March 2003 Board materials for

- 1. Executive Committee Subcommittees*
- 2. Balanced Voting*
- 3. Procedures for Standards Development and Maintenance*
- 4. Procedures for Adopting Standards*
- 5. Adoption of Minor Clarifications and Corrections to Standards*
- 6. Publication Cycle*
- 7. Communicating with Regulatory and Other Government Agencies*

with the revision to NAESBOP II. K, under "Procedures for Standards Development and Maintenance," as reflected in Appendix A attached hereto, and with the understanding that the Parliamentary Committee will continue to work to refine and revise NAESB Operating Procedures¹ as necessary in accordance with the natural evolution of both the NAESB organization as well as the Gas and Electric Industries, and with the instruction that the General Counsel shall make conforming changes to such Operating Procedures and accompanying explanatory material to make the content consistent with the Certificate and Bylaws of NAESB and any prior resolutions of the NAESB Board."

¹*By way of background, the NAESB Operating Procedures being proposed for approval by the Board hereto include initial and conforming modifications to the existing NAESBOps for "Procedures for Standards Development and Maintenance," "Procedures for Adopting Standards," and "Adoption of Minor Clarifications and Corrections to Standards," which address mainly the development, maintenance, and interpretation and minor corrections to NAESB Standards. A more comprehensive redrafting process is also underway on these important procedures. That draft is intended to replace or enhance some portions of the currently submitted modifications to the Operating Procedures and will be available in the near future. In the interest of presenting the Board with a complete package of what the Parliamentary Committee believes to be appropriate NAESB Operating Procedures, and in recognition of the importance of ensuring a uniform level of quality and completeness of the final product to be reflected by the soon to be available drafts, the Parliamentary Committee has opted to seek approval of these initial modifications to be[sic] existing NAESB Operating Procedures for "Procedures for Standards Development and Maintenance," "Procedures for Adopting Standards," and "Adoption of Minor Clarifications and Corrections to Standards."*

Appendix A

NAESB Operating Procedures – Procedures for Standards Development and Maintenance, II. Action K., is revised to read as follows:

For the Wholesale Electric Quadrant (WEQ), the subcommittee or task force to which the request has been assigned shall ensure that the request adequately describes the standards to be developed or modified and shall forward the request to the Joint Interface Committee for consideration. If the Joint Interface Committee affirms that the request for standards development appropriately belongs within NAESB, the subcommittee or task force shall continue its work. If the Joint Interface Committee assigns the work to NERC and NAESB supports such assignment, then members of the NAESB WEQ subcommittee are urged to



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participate in the NERC development activities. If the Joint Interface Committee assigns the work to NERC and NAESB does not support such assignment, and is not able to resolve the disagreement by either redrafting and resubmitting the proposal to the Joint Interface Committee or meeting with NERC to resolve the impasse, the subcommittee or task force may continue its work on the standards request with approval of the Board Managing Committee."

As background, Mr. Boswell stated the Parliamentary Committee is revising the NAESBOps for use within all four NAESB quadrants. It was noted the resolution relates to adoption of the complete package of NAESBOps as they stand today, with the understanding the document would be formatted by Mr. Paulson and reviewed by Mr. Costan for consistency with the NAESB Bylaws and Certificate of Incorporation. Additional modifications will be presented to the Board at a subsequent meeting.

Participants discussed the pending resolution. Mr. Anderson asked if the NAESBOps had been reviewed in light of the NERC/NAESB MOU. Mr. Boswell confirmed that Mr. Costan has reviewed the relevant documents. Mr. Desselle noted a suggestion from Mr. Corneli to consider modifying the language in Appendix A to address concerns that the Board might be involved in directing subcommittee activity. Mr. Boswell stated at the June Board meeting the Board will be presented with a set of Operating Procedures containing more substantive changes.

Mr. Desselle moved, seconded by Mr. Maassel to adopt the NAESBOps subject to the motion written and discussed above. Upon a procedural vote the motion passed unanimously.

6. Memorandum of Understanding (NERC/NAESB/ISO-RTO Council) and Resolution

Mr. Boswell welcomed the Honorable Patrick Wood, FERC Chairman, Mr. Bill Museler, Chairman and CEO -- NY ISO, Mr. Gordon Van Welie, Chairman and CEO - ISO-NE, and Mr. David Cook, General Counsel for NERC, all as special guests of the Board. Mr. Desselle gave an overview of the history of the NERC/NAESB/ISO-RTO Council Memorandum of Understanding (MOU). NAESB completed an MOU with NERC, and at the conclusion of that process, negotiations began with what would become the ISO-RTO Council. During negotiation several significant issues were discussed, including: the make-up and organization of the ISO-RTO Council, the role they would play in the MOU, the representation within the MOU for areas of the country that are in the process of forming RTOs and ISOs but are not yet complete, and the over-riding issue of policy setting. Mr. Desselle noted these items were discussed at each meeting.

Mr. Desselle reviewed the provisions of the MOU, which is published in the Board book under tab 6. The MOU outlines a two-phase process. In phase one, the Joint Interface Committee (JIC) will evaluate the requests to determine if outstanding policy issues exist that should be addressed prior to standards development. In the second phase, the JIC will determine which organization is the appropriate organization for the development of standards (NERC or NAESB). In addition, there are provisions for the coordination of annual plans for all three organizations (NERC, NAESB and the ISO-RTO Council). He explained the value of the MOU is the cooperation of all JIC parties, which will facilitate the completion of specific attainable goals by NAESB and others participating in the process. In addition, the willing commitment of the intellectual capital of the ISO-RTO Council and the transparency of the NAESB process as it operates in the JIC will help maintain the spirit of cooperation that the negotiating team has labored under to date.

Mr. Desselle moved, seconded by Mr. Williams to adopt the MOU as published in the March 20, 2003 Board Book subject to the following resolution:

"Be It Resolved that the NAESB Board of Directors approves the Amended and Restated Memorandum of Understanding for the North American Energy Standards Board, North



North American Energy Standards Board

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American Electric Reliability Council and the ISO/RTO Council, for signature by Mr. Boswell as Chairman and CEO of the NAESB Board of Directors.”

Board members and observers expressed their opinions on the draft MOU. Mr. Anderson voiced concerns about the MOU as it is written and stated the approval of this MOU is premature and the MOU dilutes the influence of NAESB on the JIC. He suggested the RTOs and ISOs be given an advisory role, which would be limited in phase one and eliminated in phase two. Ms. Ogenyi echoed Mr. Anderson's concerns regarding ISO-RTO Council participation in phase two.

Additionally, Mr. Fusco voiced concerns that large geographical areas are left out of the ISO-RTO Council. Mr. Museler noted the ISO-RTO Council is intended to be inclusive and not exclusive, and for that reason, the requirements to join are simply that the organization must generally meet the criteria shown in FERC Orders 888 and 2000, and in the case of the Canada, the operative documents of their provinces. Once FERC has approved the entity as an RTO, the only other qualification is that the entity must have an appointed chief executive officer or central management. Mr. Desselle stated, addressing the issue Mr. Fusco raised, that NAESB has the option to populate their portion of the JIC to make up for the fact that some areas of the country are not represented by RTOs and/or ISOs.

Mr. Anderson proposed an amendment to the motion which would put the ISO-RTO Council in an advisory role for the first year of its involvement in the JIC and review the role of the RTO/ISO Council on a yearly basis. Mr. Boswell noted such an amendment would need the approval of the mover and the seconder, and additionally, this resolution has already gone out for notational ballot and would need to be sent out again if this amendment were accepted. He stated that absent the mover and seconder accepting this amendment, he would have to rule it out of order. The amendment was rejected. Upon a roll call vote (recorded below), the procedural motion passed (simple majority of each quadrant).

7. Managing Committee Report

Mr. Boswell stated the consensus regarding the creditworthiness issue was NAESB does not develop policy, NAESB only attempts to implement standards from policy determined by the FERC or other regulatory bodies. Mr. Costan drafted a position paper at Mr. Boswell's request regarding creditworthiness.

Mr. Costan gave some background detailing how NAESB was involved with the development of creditworthiness standards. He noted the FERC issued orders in September of 2002 addressing pipeline tariff filings which proposed to introduce credit requirements and the FERC asked NAESB to consider developing creditworthiness standards, and provide a report to them on progress made towards such a goal by June 1, 2003. Mr. Costan added that between November 2002 and today the FERC has issued substantive final orders in these two pipeline dockets, which addressed some of the issues relating to creditworthiness that were raised in the previous pipeline tariff filings. He advised the Managing Committee that the Board resolution does not prevent the EC from discussing policy issues. He referred participants to his memo published in the Board book under tab 7 and read the following excerpt:

“An open discussion of creditworthiness at the WGQ EC meetings will be important to further progress in the standards development effort. Such a discussion may include discourse about policy aspects of creditworthiness. Such discussions are not forbidden by the NAESB bylaws or by the resolutions adopted by the Board instructing the EC to take up creditworthiness standards in an effort to respond to the FERC's request. The emphasis of the Board resolutions is that the final work product of the EC reflect standards or business practices that implement “existing Commission policy, new Commission policy after it has been ordered, and



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nonpolicy-oriented aspects of creditworthiness." The Board did not mean to cut off useful discussion that would be helpful in developing such final work products and in responding to the FERC's request."

Mr. Boswell noted the way in which Mr. Costan has framed this issue is useful in that the discussion of creditworthiness is beneficial if, ultimately, the Executive Committee concludes that it does not have enough information from FERC based on these orders, they can suggest areas where further information is required.

8. Old and New Business

No old business was discussed.

Mr. Boswell officially turned over the gavel to Mr. Haynes who will serve as the new Chair of the NAESB Board of Directors for 2003. Mr. Haynes gave a brief statement and presented a gift to Mr. Boswell in appreciation of his hard work and efforts on behalf of NAESB.

9. Adjourn

The meeting was adjourned on March 20, 2003 at 12:47 p.m.



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10. Board Attendance and Voting Record

BOARD ATTENDANCE AND VOTING RECORD		PRESENT	VOTE ON MOU
WGQ: 16 VOTES CAST, ALL IN FAVOR			
END USER SEGMENT			
Jim Downs	Manager of Gas and Regulatory and Federal Compliance, Calpine Corp.	Phone	
Joe Stepenovitch	Vice President, Energy Marketing & Trading, Florida P&L	In Person	Ballot Yes
John Procaro	Vice President & COO, Cinergy	Absent	
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	Phone	Ballot Yes
Jim Templeton	Principal, Comprehensive Energy Services	Phone	Yes
LDC SEGMENT			
Bill Boswell	Assistant Secretary, Dominion	In Person	Yes
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisitions, Washington Gas Light Company	In Person	Yes
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	In Person	Yes
Walt DeForest	Senior Vice President, National Fuel Gas Distribution	In Person	Yes
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co.	In Person	Ballot Yes
PIPELINE SEGMENT			
Terry McGill	Enbridge Energy Company, Inc.	Phone	Ballot Yes
John Somerhalder	President, El Paso Energy Pipeline Group	Absent	
Shelley Corman	Vice President, Enron Transportation Services Company (Transwestern)	Phone	Ballot Yes
Ron Mucci	Senior Vice President Shared Service, Williams Gas Pipeline	Phone	Ballot Yes
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	In Person	Yes
PRODUCER SEGMENT			
Randy Mills	Regulatory Manager, ChevronTexaco	Phone	Abstain
William T. Benham	Vice President - Regulatory Affairs, BP Energy Company	Absent	
V A C A N C Y	V A C A N C Y		
V A C A N C Y	V A C A N C Y		
V A C A N C Y	V A C A N C Y		
SERVICES SEGMENT			
Sylvia Munson	Principal, Elite Computer Consultants	Phone	Yes
V A C A N C Y	V A C A N C Y		
Jim Buccigross	Vice President Energy Industry Practice, Group 8760 LLC	In Person	Yes
Lyn Maddox	President & COO, PG&E Energy Group Trading	In Person	Yes
G. William Hebenstreit	Vice President Contract Service, El Paso Merchant Energy	In Person	Yes



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BOARD ATTENDANCE AND VOTING RECORD		PRESENT	VOTE ON MOU
REQ: 10 VOTES CAST, ALL IN FAVOR			
DISTRIBUTOR SEGMENT			
Dave Koogler	Director – Regulation & Competition, Dominion Virginia Power (SERC NERC Region).	In Person	Yes
Bill Bourbonnais	Assistant Vice President – Transmission, Wisconsin Public Service Corporation (MAIN NERC Region)	In Person	Yes
Johnny Magwood	Vice President Customer Services, Baltimore Gas and Electric Company	In Person	Ballot Yes
Leonard Haynes	Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region)	In Person	Yes
END USER SEGMENT			
Sonny Popowsky	Pennsylvania Office of Consumer Advocate	In Person	Yes
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
SERVICES SEGMENT			
H. Ward Camp	Vice President Regulatory and Strategic Alliances, Distribution Control Systems, Inc.	Phone	Yes
Stacey Park	Director, The Structure Group	Phone	Yes
J Cade Burks	President, EC Power	In Person	Yes
John Williams	Chief Executive Officer and Co-founder, Group 8760 LLC	In Person	Yes
SUPPLIER SEGMENT			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
Richard Zelenko	General Manager, Dominion Retail Inc.	In Person	Yes
REQ: 24 VOTES CAST, 17 AFFIRMATIVE VOTES AND 7 OPPOSED VOTES			
END USER SEGMENT			
John A. Anderson	Executive Director, Electricity Consumers Resource Council (ELCON)	In Person	No
James B. Rouse	Associate Director Energy Policy, Praxair, Inc.	In Person	No
Carol Guthrie	General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company	Phone	Ballot No
Michael J. Travieso	People's Counsel, Maryland People's Counsel	Absent	Ballot Yes
Ron Jackups	Vice President, Cinergy	Phone	Yes
Brett Perlman	Commissioner, Public Utility Commission of Texas	Phone	Ballot Yes



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BOARD ATTENDANCE AND VOTING RECORD		PRESENT	VOTE ON MOU
LDC SEGMENT			
Frank Johnson	Senior Vice President Electric Transmission and Distribution, Consumers Energy	Absent	Ballot Yes
Jim Miller	Vice President, Southern Company Services Inc.	Phone	Yes
Ted Humann	Senior Vice President Transmission, Basin Electric Power Cooperative	Absent	
Arthur G. Fusco	Vice President and General Counsel, Central Electric Power Cooperative Inc.	In Person	Ballot No
Mark B. Bonsall	Chief Financial Executive/Associate General Manager, Salt River Project	Absent	
V A C A N C Y	To be filled from the Competitive Retailer Sub-Segment		
GENERATION SEGMENT			
Forrest E. Reeves	Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration	Phone	Ballot Yes
Charles W. Severance	Director Bulk Power, Wisconsin Public Service Corporation	In Person	Yes
John J. Dellas	Executive Director Electric Restructuring, Consumers Energy	Absent	Ballot Yes
David McMillan	Director Market Design, Calpine	Absent	Ballot Yes
Thomas Ingwers	Director, Energy Trading and Contracts, Sacramento Municipal Utility District	Phone	Yes
Gloria Ogenyi	Director Energy and Market Policy, Conectiv Energy Supply, Inc.	Phone	No
TRANSMISSION SEGMENT			
W Terry Boston	Executive Vice President, Tennessee Valley Authority	In Person	Yes
Peter Flynn	Vice President Transmission Strategy and Policy, National Grid USA	In Person	Yes
Dale Landgren	Vice President and Chief Strategic Officer, American Transmission Company	Absent	Ballot Yes
Carroll Waggoner	Sunflower Electric Power Corporation	Phone	No
John H. Zemanek	Vice President Transmission, Entergy	Phone	Ballot Yes
Michael Desselle	Director Public Policy, American Electric Power	In Person	Yes
MARKETER/BROKER SEGMENT			
Steve Oliver	Vice President of Bulk Power Marketing Transmission Services, Bonneville Power Administration /Power Business Line	Absent	
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	In Person	Yes
Thomas A. Smith	Manager of Power Marketing, Tri-State Generation & Transmission Association, Inc.	Phone	No
John Meyer	Vice President – Asset Commercialization, Reliant Energy	Phone	Abstain
Dowell Hudson	Vice President Special Projects, Energy Markets, Ontario Power Generation	Phone	
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Marketing Inc.	In Person	Yes



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BOARD ATTENDANCE AND VOTING RECORD		PRESENT	VOTE ON MOU
RGQ: 6 VOTES CAST – ALL IN FAVOR			
DISTRIBUTOR SEGMENT			
Craig White	Acting Chief Operating Officer, Philadelphia Gas Works	In Person	Yes
Glen Schwalbach	Assistant Vice President Corporate Planning, Wisconsin Public Service Corp.	Absent	
Mark Maassel	Vice President Regulatory & Government Policy, NiSource, Inc.	In Person	Yes
Paul Szykman	Manager – Rates & Strategic Planning, UGI Utilities, Inc.	Phone	Yes
Joseph F. Bodanza	Senior Vice President for Finance Operations & Regulatory Affairs, KeySpan Energy	Absent	Ballot Yes
V A C A N C Y			
END USER SEGMENT			
Matthew Parsell	Assistant Director, Natural Gas Division, Indiana Office of Utility Consumer Counselor	Absent	
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
SERVICES SEGMENT			
Leigh Spangler	President, Latitude Technologies Inc.	Phone	Yes
David Pfeifer	Vice President – Energy, EnForm Consulting, L.P.	Phone	Yes
David Darnell	President & CEO, Systrends Inc.		
Greg Lander	Principal, CapacityCenter.com		
Richard Rudden	President & CEO, RJ Rudden Associates, Inc.		
V A C A N C Y			
SUPPLIER SEGMENT			
Randy Magnani	Director C&I Operations, Amerada Hess Corporation		
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			

11. Other Participants

Name	Company	In Person/Phone
Arnaout, Mariam	American Gas Association	In Person
Barklind, Sharla	NARUC	In Person



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Boston, Terry	Tennessee Valley Authority	Phone
Bray, Mike	Shell Gas Transmission	In Person
Brown, Ken	PSE&G	In Person
Butrus, Greg	Southern Company	Phone
Camp, Yvette	Southern Company	Phone
Charbonneau, John	RJ Rudden Associates	In Person
Corneli, Steve	NRG	Phone
Davis, Dale	Williams Gas Pipeline	In Person
Dotterweich, Andrew	Consumers Energy	Phone
Dreskin, Joan	INGAA	In Person
Dworzak, Dave	EEI	In Person
Gracey, Mark	Tennessee Gas Pipeline	Phone
Gray, Charles	NARUC	In Person
Griffith, Bill	El Paso Western Pipelines	In Person
Grygar, Bill	Panhandle Eastern	In Person
Gwilliam, Tom	Iroquois Gas Transmission System	In Person
Hain, Mary	PJM Interconnection	In Person
Hapner, Dede	PG&E Corporation	Phone
Hartwell, Jim	NPCC	Phone
Hess, Theresa	Reliant Energy Retail Services	Phone
Lawson, Barry	NRECA	In Person
McCain, Marcy	Duke Energy Gas Transmission	Phone
Novak, Michael	National Fuel	Phone
Oberski, Lou	Dominion Energy Marketing	Phone
Todd Oncken	NAESB	Phone
Paulson, Lawrence	Hoffman - Paulson Associates	In Person
Simon, Julie	EPSA	In Person
Smith, William	Allegheny Power	Phone
Stengel, Joe	Philadelphia Gas Works	Phone
Thompson, Ed	Consolidated Edison	Phone
Young, Randy	Gulf South	In Person



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

EXECUTIVE DIRECTOR'S REPORT



North American Energy Standards Board

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EXECUTIVE DIRECTOR'S REPORT

JUNE 26, 2003

Department of Energy work with Sandia National Labs

The Department of Energy in conjunction with Sandia National Laboratories is pursuing funding for a Sandia Labs review of the NAESB wholesale gas technical standards (Electronic Delivery Mechanism standards) as they are applied to the use of the Internet for sending standard transactions between companies. These standards are typically industry independent. The review would encompass analysis of the standards for performance, security and scalability and applicability.

Data Interchange Standards Association Appeals Efforts

NAESB has filed an appeal with DISA, the standards organization responsible for the ASC X12 standards we use for EDI. The appeal relates to the creation of an Energy Task Force as part of the X12 Financial Subcommittee. Energy companies have through the years worked with the X12 Materials Management Subcommittee to process any X12 changes we may need to support our standards. The creation of a new task force raises concerns that it is duplicative and will require additional resources. The process used to form the task force also raised several concerns.

Monthly Update Calls - "At A Glance"

We have held three "At A Glance" conference calls with the attendance of several state commissions and federal agencies, and many of our own members. Because of the limited ability of state commission staff traveling to meetings, these one hour conference calls has provided a venue for NAESB-NARUC-Federal Agency communication on our current and planned activities. The calls are held monthly, on the third Thursday of each month at 2:00 pm Eastern. Anyone can call in to these one-hour updates. The reports are attached.

Changes to the NAESB Web Site

We now have an email distribution system on the NAESB web site, to which individuals can self select distribution lists for our subcommittees and other activities.

Membership Report

At the last Board meeting, our membership was at 390. It has declined to 379, with loss of membership attributed to market conditions and company mergers. The breakdown of membership is as follows:

Wholesale Electric Quadrant	166
Wholesale Gas Quadrant	125
Retail Electric Quadrant	46
Retail Gas Quadrant	42
Total	379

The reports are attached.

Annual Meeting Report

The NAESB Annual meeting will be held on September 16 and 17 in Austin, Texas at the Driskill Hotel. Some of the confirmed speakers and moderators are: Commissioner Nora Mead Brownell (FERC), Chairman Angel Cartegena (DC), Commissioner Stan Wise (GA), Chairman Marc Spitzer (AZ), Chairman Rebecca Klein (TX), Chairman James Kerr III (NC), Commissioner Robert Keating (MA), Former Assistant Secretary Robert Gee, Former Deputy Assistant Secretary Emil Pena, and former FERC Commissioners Curt Hebert, Linda Breathitt, James Hoecker, Elizabeth Moler and Michael Naeve. Other speakers include Dr. Dockery of DHS, Sheila Hollis of Duane Morris, Barbara Mariner-Volpe of EIA, Neil Wolkoff of NYMEX, financial analyst Donato Eassey, Dr. Economides from the University of Houston, Dr. Roach of Boston Pacific, Joshua Rokach of Balch and Bingham, and Ron McNamara of MISO. Some of our own Board and Executive Committee members will also participate as speakers or moderators. Several other speakers have been invited but not yet confirmed, including Governor Richardson (NM), and representatives from the Department of Energy and possibly the Hill.



NORTH AMERICAN ENERGY STANDARDS BOARD

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April 16, 2003

NAESB AT A GLANCE: MONTHLY UPDATE

NERC-NAESB-ISO/RTO COUNCIL MEMORANDUM OF UNDERSTANDING: Michael Desselle, member of the NAESB Board of Directors serving as the Vice Chair of the Wholesale Electric Quadrant, gave an overview of the development of the MOU. The MOU was developed with the goal of creating a level playing field for each of the three groups in determining who should develop standards for the wholesale electric market, and thus ensuring that duplicate standards development efforts are avoided or significantly minimized. The MOU describes a two stage process where: (1) standards development requests are reviewed first to ensure that policy issues are adequately defined so as to permit standards development, and then (2) a determination is made as to who should develop the necessary standards – either NERC or NAESB. In addition, there is a planning coordination effort to ensure that among the three groups, development plans at a higher level than standards development requests, are not inconsistent or in conflict with each other. NAESB and NERC both approved the MOU in late March. The ISO/RTO Council is expected to approve the MOU in late April.

NAESB ANNUAL PLAN ACTIVITY UPDATE: Jim Buccigross reviewed the annual plan process followed by plan updates given by Jim Buccigross for the Wholesale Gas Quadrant activities, Steve Corneli for the Wholesale Electric Quadrant activities, Mike Novak for the Retail Gas Quadrant activities, and Jim Minneman for the Retail Electric Quadrant activities. For the wholesale gas quadrant activities underway, the focus of the group has been directed to the development of credit worthiness standards as they apply to pipeline capacity, the development of technology and cyber-security standards possibly in conjunction with the Department of Energy and Sandia National Labs, and the development of a Credit Annex for the NAESB Contracts for Purchases and Sales of Natural Gas. It is expected that NAESB will file a report with the FERC on June 1 regarding the development of credit worthiness standards as they apply to pipeline capacity.

Regarding the wholesale electric quadrant activities, the quadrant is working in several areas and waiting for FERC direction in others. Active items include the development of contracts standards for funds transfer agent agreements and standards for inadvertent interchange payback. Areas that are being examined for possible standards development include the definition of a standard electric day, contract for purchases and sales of power or related business practice standards, and a review of NERC standards activity to determine if complementary business practice standards are needed. There are also several pending FERC actions which would lead to standards development.

Regarding the two retail quadrant activities, the plans are very similar, and activities are being coordinated for joint standards development as much as possible. For retail gas, a unique development activity is the effort to define an inventory of common business practices for the retail gas market. The inventory is designed to be deferential to states that have been active in the customer choice programs. Activities that both quadrants are working on jointly are: customer billing and payments, creditworthiness, customer enrollment and switching, supplier licensing and technical communication standards. Overall, it is important that the data exchanges between companies and the process flows be as similar as possible for retail gas and retail electric market participants – as in many cases these are the same companies. To that end, the two quadrants share a common goal of publishing one set of standards manuals that pertain to both retail markets.

NEXT CONFERENCE CALL: The next conference call is scheduled for May 21 at 2:00 pm eastern. We hope you can join us. If there are particular topics you would like to see covered or would like to receive additional information, please call the NAESB Office (713-356-0060).

North American Energy Standards Board Participant List
April 16, 2003 1:00 PM CT

Name	Organization
1. Sheila Ward	AL Public Service Commission
2. Richard House	AR Public Service Commission
3. Kevin Barly	AZ Corporation Commission
4. Lisa Robert	Defense Energy Supply Center - U.S. Department of Defense
5. Kathy Lewis	FL Public Service Commission
6. LouAnn Westerfield	ID Public Utilities Commission
7. Brad Borum	IN Utility Regulatory Commission
8. Phillip Hastings	ME Public Utilities Commission
9. Vonda Jones	MI Public Service Commission
10. Ron Giteck	MN Office of the Attorney General
11. Frank Perrotti	NJ Board of Public Utilities
12. Peter Yoakum	NJ Board of Public Utilities
13. Diane Barney	NY Public Service Commission
14. William Heinrich	NY Public Service Commission
15. Don Howard	OH Public Utilities Commission
16. Annunciata Marino	PA Public Utility Commission
17. David Jacobsen	SD Public Utilities Commission
18. Dave Eichenlaub	VA State Corporation Commission
19. Henry Nix	8760 Inc.
20. Judy Ray	Alabama Power
21. Jean Mason	Ameren
22. Michael Desselle	American Electric Power
23. Steve Zavodnick	Baltimore Gas & Electric
24. Lou Oberski	Dominion
25. Mary Edwards	Dominion Virginia Power
26. Ed Davis	Entergy
27. Cathy Heath	Georgia Power Co.
28. Jim Buccigross	Group 8760
29. Alan Johnson	Mirant
30. Rae McQuade	Moderator, NAESB
31. Todd Oncken	NAESB
32. Sharla Barklind	National Association of Regulatory Utility Commissioners
33. Michael Novak	National Fuel Gas Distribution
34. Barry Lawson	National Rural Electric Cooperative Association
35. Mark Maassel	Nisource
36. Don Benjamin	North American Electric Reliability Commission
37. Steve Corneli	NRG Energy
38. Dowell Hudson	Ontario Power Generation
39. Darrel Jerard	Pacific Corp.
40. Jim Minneman	PPL Solutions
41. Theresa Hess	Reliant Energy Retail
42. Don Systma	RJ Rudden
43. Bob Schwermann	Sacramento Municipal Utility District
44. Greg Butrus	Southern Co.
45. Yvette Camp	Southern Co.
46. David Darnell	Systrends
47. Jacinda Woodward	Tennessee Valley Authority
48. Leslie Nishida	Wisconsin Public Service Corp.
49. Ron Mucci	Williams



NORTH AMERICAN ENERGY STANDARDS BOARD

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May 21, 2003

NAESB AT A GLANCE: MONTHLY UPDATE

FERC WHITE PAPER- WHOLESALE POWER MARKET PLATFORM (ISSUED 4-28-03): Michael Desselle, Director of Public Policy for AEP and a member of the NAESB Board of Directors serving as the Vice Chair of the Wholesale Electric Quadrant, gave an overview of the white paper and the potential impact to NAESB standards development. The paper recognizes the memorandum of understanding reached with NERC, NAESB and the ISO Council, and notes that standards developed through this process could be included in the RTO and ISO tariffs to facilitate compatible and seamless rules across the interconnected power grid. The white paper indicates an increasingly flexible approach supporting regional differences which may impact standards development that both accommodate and emphasize regional differences. Similarly stressing seams resolution, the standards development efforts may have a primary focus on seams issues.

SEAMS TASK FORCE: Michael Desselle also reviewed the decision of the NAESB Wholesale Electric Quadrant to create a Seams Task Force. The task force has held one organizational meeting on April 28. The task force will begin its efforts by first compiling a catalogue of seams issues, and the efforts to date regarding those seams. Several of the ISOs, NERC, regional reliability organizations and other groups have been contacted regarding the creation of this task force, to ask for assistance and participation, and the response has been very supportive. Several groups have provided individuals to help with the effort – the end product of which will be a catalogue that all groups can use to go forward to determine what standards development efforts are needed.

PROPOSED CREDITWORTHINESS STANDARDS RELATED TO PIPELINE CAPACITY FOR THE WHOLESALE GAS QUADRANT: Rae McQuade, Executive Director of NAESB; Michael Novak, Assistant General Manager for National Fuel Gas Distribution and one of the co-chairs of the group developing the standards, and Jim Buccigross, Vice President of 8760 and Executive Committee chairman, reviewed the efforts to date regarding the proposed creditworthiness standards related to pipeline capacity. The Business Practices Subcommittee (BPS) of the Wholesale Gas Quadrant of NAESB prepared a recommendation of 24 proposed standards which were considered by the Wholesale Gas Quadrant Executive Committee (EC) on May 20. The proposed standards were characterized as “40% *how* to provide credit information” and “60% *what* constitutes adequate credit information.” The BPS met in 19 multi-day meetings from November 2002 to April 2003 to come to consensus on the proposed standards. Sixteen organizations commented on the proposed standards, and those comments were also forwarded to the EC for consideration. The EC determined to forward the proposed standards to the FERC, along with the full record (minutes, voting records, comments, proposed standards) as the June 1 Progress Report. The meetings were transcribed and a list of available transcripts will also be provided. The EC did not endorse the proposed standards at this time. All noted documents are available on the NAESB web site.

NEXT CONFERENCE CALL: The next conference call is scheduled for June 18 at 2:00 pm eastern. We hope you can join us. If there are particular topics you would like to see covered or would like to receive additional information, please call or email the NAESB Office (713-356-0060, naesb@naesb.org).

North American Energy Standards Board Participant List
May 21, 2003 1:00 PM CT

Name	Organization
1 Sheila Ward	Alabama Public Service Commission
2 Donna Daugherty	Bureau of Reclamation
3 Brent Gokbuld	California Public Utilities Commission
4 Judith Ikle	California Public Utilities Commission
5 Lisa Robert	Defense Energy Support Center - U.S. Dept. of Defense
6 Jeffrey Conopask	District of Columbia Public Service Commission
7 Kay Morice	Federal Energy Regulatory Commission
8 John Williams	Florida Public Service Commission
9 Marsha Smith	Idaho Public Utilities Commission
10 LouAnn Westerfield	Idaho Public Utilities Commission
11 Chris Ericson	Illinois Commerce Commission
12 Wanda Jones	Michigan Public Service Commission
13 Nancy Campbell	Minnesota Dept. of Commerce
14 Laura Anson	Missouri Public Service Commission
15 Frank Perrotti	New Jersey Board of Public Utilities
16 Ron Liberty	New York State Public Service Commission
17 Robby Abarea	Ohio Public Utilities Commission
18 Carl Evans	Ohio Public Utilities Commission
19 Jeff McGuire	Ohio Public Utilities Commission
20 Annunciata Marino	Pennsylvania Public Utility Commission
21 Dave Eichenlaub	Virginia State Corporation Commission

Name	Organization
1 James Buccigross	8760 Inc.
2 Tina Weatherman	AGL Resources
3 Michael Phoenix	AIG Energy
4 Judy Ray	Alabama Power
5 Terry Girbeck	Align Power
6 Cecilia Liang Nichol	Allegheny Energy
7 Steve Terelmes	Ameren Energy
8 Michael Desselle	American Electric Power
9 Julie Voeck	American Transmission Co
10 Ruth Kiselewich	Baltimore Gas & Electric
11 Steve Zavodnick	Baltimore Gas & Electric
12 Dan Klempel	Basin Electric Power Cooperative
13 Arthur Fusco	Central Electric
14 Ed Thompson	Con Edison
15 Felisha Friel	Division of Rate Payer Advocate
16 Lou Oberski	Dominion
17 Michael Gildea	Duke Energy
18 Kathryn Burch	Duke Energy Gas Transmission
19 Cade Burk	EC Power
20 Melissa Lauderdale	Edison Electric Institute
21 Ed Davis	Entergy
22 Jay Poche	Entergy
23 Michael Robinson	FL Energy
24 Dona Gussow	FL Power & Light
25 Tom Kilgore	Gulf Power
26 Randy Young	Gulf South
27 Chris Newcombe	Inside FERC
28 Tom Gwilliam	Iroquois Gas
29 Lee Smith	Midland Co Generation Venture
30 Alan Johnson	Mirant

North American Energy Standards Board Participant List
May 21, 2003 1:00 PM CT

Name	Organization
31 John Twitchell	Mirant
32 Sharla Barklind	National Association of Regulatory Utility Commissioners
33 Michael Novak	National Fuel Gas Distribution
34 Barry Lawson	National Rural Electric Cooperative Association
35 Don Benjamin	North American Electric Reliability Commission
36 James Cargas	North American Energy Standards Board
37 Rae McQuade	North American Energy Standards Board
38 Rae McQuade	North American Energy Standards Board
39 Jim Hartwell	Northeast Power Coordinating Council
40 Bruce Hayes	Ohio Consumers Council
41 Barry Green	Ontario Power Generation
42 Jim Hicks	Pacific Corp.
43 Lyn Maddox	Pacific Gas and Electric
44 Kim Van Pelt	Panhandle Eastern Pipeline
45 Bruce Balmad	PJM
46 Marty Mennes	Port of Power Light Co.
47 Kenneth Brown	Public Service Electric and Gas
48 Jeff Mueller	Public Service Electric and Gas
49 Ben Boyd	Reliant
50 Martha Duggan	Reliant
51 Theresa Hess	Reliant Energy Retail
52 Don Sytsma	RJ Rudden
53 Marjorie Perlman	Rochester Gas and Electric
54 Steve Cobb	Salt River Project
55 Yvette Camp	Southern Co.
56 Tony Reed	Southern Co.
57 Stan Mason	Southwest Power
58 Scott Helyer	Tenaska
59 Gary Jackson	Tennessee Valley Authority
60 Donna Scott	Transwestern
61 Mark Fidrych	WAPA
62 John Raiseller	WE Energies
63 Matt Lowry	Western Interstate Energy
64 Ron Mucci	Williams
65 Christopher Burden	Williams Gas Pipeline
66 Dale Davis	Williams Gas Pipeline
67 Tammy Grant	Williams Gas Pipeline
68 Bill Bourbonnais	Wisconsin Public Service Corp
69 Leslie Nishida	Wisconsin Public Service Corp



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

May 23, 2003

TO: All Interested Parties
FROM: Rae McQuade, NAESB Executive Director
RE: **Monthly Update Calls**

NORTH AMERICAN ENERGY STANDARDS BOARD MONTHLY UPDATE CALL June 18, 2003 - 2:00 to 3:00 pm Eastern

To obtain the conference calling number, please refer to the email message that accompanied this announcement, or call the NAESB office (713-356-0060). In this conference call, we will review the standards development activities underway by the retail quadrants, the planned release of version 1.7 of the wholesale gas standards, and efforts ongoing in the wholesale electric contracts. We hope you can join us on this one hour call.

The purpose of these one hour updates is to provide a high level overview of the NAESB activities and plans. The calls should complete within one hour and will provide attendees with a general understanding of the organization's current activities and plans, with guidance on how to obtain additional detailed information if needed.

We look forward to you or your staff attending the call. Work papers can be downloaded from the NAESB web site for this meeting and will be posted one week prior to the call (June 11) web address to access the work papers: http://www.naesb.org/monthly_update.htm).

Please feel free to call the NAESB office should you have any questions or comments. If you would like to follow up with any questions after the conference call, please feel free to contact:

Rae McQuade	713-356-0060	naesb@naesb.org
Michael Desselle	214-502-1826	mddesselle@aep.com
Jim Buccigross	508-238-0345	jhb@8760.com
Mike Novak	716-857-7884	novakm@natfuel.com
Jim Minneman	610-774-5774	jmminneman@pplweb.com
Joel Dison	205-257-6481	jjdison@southernco.com

Best Regards,
Rae McQuade

AGENDA

2:00 pm	1.	Welcome <ul style="list-style-type: none">• Antitrust Guidance• Adoption of Agenda	James Cargas
2:10 pm	2.	Retail Gas Procedures Inventory Survey	Michael Novak
2:20 pm	3.	Retail Gas & Electric Proposed Standards	Michael Novak/Jim Minneman
2:30 pm	4.	Wholesale Gas Version 1.7 Standards	Jim Buccigross
2:40 pm	5.	Wholesale Electric Standard Contracts	Joel Dison
2:50 pm	6.	Joint Interface Committee Update	Michael Desselle
3:00 pm	7.	Adjourn	

NAESB Membership List - Statistics

Quadrant/Segment Membership Analysis		Number of Members
WGQ Segments	TOTAL	125
	End Users	19
	Distributors	24
	Pipelines	38
	Producers	13
	Services	31
REQ Segments	TOTAL	46
	End Users	5
	Distributors	25
	Services	11
	Suppliers	5
WEQ Segments	TOTAL	166
	End Users	16
	Distributors/LSEs	29
	Generators	45
	Marketers/Brokers	38
	Transmission	33
	None Specified	5
RGQ Segments	TOTAL	42
	End Users	4
	Distributors	21
	Services	9
	Suppliers	8
	None Specified	0

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant		Organization	Seg.	Contact	Sub-Seg.
Retail Electric:	1	8760	s	John S. Williams	
	2	Alabama Power	d	John Russom	
	3	Allegheny Power	d	Jason W. Corin	
	4	Ameren Services Company	d	Jean M. Mason, Peggy Ladd	
	5	American Electric Power	d	Thomas J. Ringenbach	
	6	American Public Power Association	d	Deborah Penn	
	7	Baltimore Gas & Electric Co.	d	Ruth Kiselewich	
	8	Boeing Co.	e	Keith C. Warner	
	9	Calpine Energy Services, LP	su	Janet Dixon	
	10	Cinergy Services, Inc.	d	Paul K. Jett	
	11	Consolidated Edison Company of NY	d	Richard G. Muzikar	
	12	Consumers Energy	d	Ronald Carrier	
	13	Defense Energy Support Center	e	Lisa Robert	
	14	Detroit Edison Company	d	William J. Newbold, Jr.	
	15	Distribution Control Systems, Inc.	s	H. Ward Camp	
	16	Dominion Retail	su	William Barkas	
	17	Dominion Virginia Power	d	David F. Koogler	
	18	Duke Power	d	N.E. (Ed) Tucker	
	19	EC Power International	s	Judy Bailey	
	20	Electric Reliability Council of Texas (ERCOT)	s	Sam R. Jones	
	21	Energy East Management Corporation	d	Eric Wilen	
	22	Exelon Energy Delivery	d	Charles Tenorio	
	23	Georgia Power Company	d	Michael Garrett	
	24	Gulf Power Company	d	Joel Thomas Kilgore	
	25	LCEC, Inc.	d	William F. Htherington	
	26	MidAmerican Energy	d	James E. Wilson	
	27	Mississippi Power Company	d	Dorman Davis	
	28	National Grid USA	d	Eric P. Cody, Cathy Yetman	
	29	Office of Public Advocate, State of Maine	e	Barbara Alexander	
	30	Ohio Consumers Council	e	Randy Corbin	
	31	Pennsylvania Office Of Consumer Advocate	e	Tanya J. McCloskey	
	32	PMO Link, Inc.	s	Geoffrey Hingle	
	33	PPLSolutions, LLC	s	James M. Minneman	
	34	Public Service Electric & Gas	d	Terrence Moran	
	35	Reliant Energy Retail Services, LLC	su	Theresa L. Hess	
	36	Savannah Electric and Power Company	d	Karen L. Prentice	
	37	SchlumbergerSema	s	George C. Roberts	
	38	Southern California Edison	d	Gail Higashi	
	39	Southern Company Services	s	Mark S. Jarrett	
	40	Structure Group	s	Stacey Park	
	41	Systrends	s	Dick Brooks	
	42	Telerox	s	Ron Abel	

**North American Energy Standards Board Membership List and Letters of Intent
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Quadrant	Organization	Seg.	Contact	Sub-Seg.
	43	Tractebel Energy Services, Inc.	s	Jason R. Woodward
	44	TXU Energy Retail	su	Felecia Lokey
	45	Wisconsin Electric	d	
	46	Wisconsin Public Service Corporation	d	William L. Bourbonnais
Wholesale Gas:	1	8760	s	John Williams, Jim Buccigross
	2	AEP Energy Services, Inc.	s	Cathy Szasz
	3	AIG Energy Trading	s	Carl Peterson
	4	Ameren Corporation	l	Scott Glaeser
	5	Apache Corporation	pr	Michele Markey
	6	Aquila Energy	s	Scott Eckerman
	7	Arizona Public Service Company	e	Gary Duede, Kelly Daly
	8	Ballard Natural Gas, LLC	s	Susan Thibodeaux
	9	Baltimore Gas & Electric Co.	l	Ashish Mehta
	10	Boeing Co.	e	Tina Patton
	11	BP Energy	pr	Bill Benham
	12	Bridgeline Gas Marketing	pl	Georgia Blanchard
	13	Burlington Resources	pr	Paul Keeler
	14	Calpine Energy Services, LP	e	Janet Dixon, Craig Chancellor
	15	Caminus	s	Heather Woods
	16	Cargill Incorporated	s	Kathy Gerken
	17	Chevron/Texaco	pr	Randy Mills
	18	Cinergy	e	John Procario
	19	Cinergy Marketing and Trading	s	Randy Bevis
	20	CMS Panhandle Eastern Pipe Line Co.	pl	William Grygar, Kim Van Pelt
	21	Columbia Gas Transmission	pl	Steve Melton
	22	Columbia Gulf Transmission Co.	pl	Michael Hansen
	23	Comprehensive Energy Services	e	Jim Templeton
	24	Conoco, Inc.	pr	Allan Knopp
	25	Consolidated Edison Company of NY	l	Mary Jane McCartney
	26	Dauphin Island Gathering Partners	pl	Katie Rice
	27	Defense Energy Support Center	e	Veronica Jones, Jacob Moser
	28	Department of Energy	e	Christopher Freitas
	29	Dominion Exploration and Production, Inc.	pr	David Ogden
	30	Dominion Resources (Previously CNG)	l	William Boswell
	31	Dominion Transmission, Inc.	pl	Gary Sypolt
	32	DTE Energy Trading, Inc	s	Marcia Hissong
	33	Duke Energy Gas Transmission - Texas Eastern	pl	Richard Kruse
	34	Edison Mission Marketing and Trade	e	Christi an Hnat, William Roberts
	35	El Paso East Pipeline	pl	Larry Smith

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
36	El Paso Merchant Energy	e	Bill Hebenstreit	
37	El Paso Natural Gas	pl	John Somerhalder	
38	El Paso Oil and Gas	pr	Art Slagle	
39	Elite Computer Consultants	s	Wayne Holtkamp	
40	Enbridge Pipelines	pl	Joan Schnepf	
41	EnCana Energy Services	s	Keith Sappenfield	
42	EnCana Corporation	pr	Keith Sappenfield	
43	The Energy Authority, Inc.	s	Marsha Sebert	
44	Energy East Management Corporation	l	Marjorie Perlman	
45	Energy Velocity	s	Konni Keuter	
46	Entergy Services, Inc.	e	Arlynn Kelleher, Terry Shields	
47	Equitable Gas Company	l	Steve Rafferty	
48	Equitrans, L.P.	pl	Mina Speicher	
49	ExxonMobil Gas Marketing	pr	Richard Smith	
50	Florida Power & Light Company	e	Dona Gussow, Joe Stepenovitch	
51	Great Lakes Gas Transmission	pl	Gene Fava	
52	Gulf South Pipeline	pl	Claire Burum	
53	H S Resources Inc.	pl	Carol Hall	
54	Hatch Associates Limited	s	Dan McEvoy	
55	Imperial Irrigation District	e	Javier Esparza	
56	IPNet Solutions, Inc.	s	Bisher Ahdab	
57	Iroquois Gas Transmission System	pl	Tom Gwilliam	
58	Kern River Gas Transmission Company	pl	Janie Nielsen	
59	Key Span Energy	l	Dolores Chezar	
60	Laclede Gas Co.	l	Kenneth Neises	
61	Latitude Technologies	s	Leigh Spangler	
62	Louis Dreyfus Energy Services L.P.	s	Mary Ellen Bell	
63	Lower Colorado River Authority	e	Mickey Bell	
64	Marathon Oil Company	pr	Hugh Roberts	
65	Mewbourne Oil Company	pr	Michael F. Shepard	
66	Michigan Consolidated Gas Co.	l	Bernard Kramer	
67	Mid Continent Market Center	pl	Delaine Kurth	
68	Midland Cogeneration Venture	e	Lee Smith	
69	Mirant Americas Energy Marketing	s	Scott McGough	
70	Mississippi River Transmission	pl	Robert Trost	
71	National Fuel Gas Distribution	l	Michael Novak	
72	National Fuel Gas Supply Corp.	pl	Dave Reitz	
73	Natural Gas Pipeline Co of America	pl	Paul Love	
74	Niagra Mohawk Power Corporation	l	Bruce Garcy	
75	Nicor Gas	l	Nancy Brucher	
76	NiSource Inc.	l	M. Christopher Maturo	
77	Northern Natural Gas	pl	Mary Darveaux	

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
78	Northwest Natural Gas Company	l	Randolph Friedman	
79	NOVA Gas Transmission Ltd.	pl	Doug Miller	
80	NRG Power Marketing	s	Arlene Jorgensen Hilstead	
81	Occidental Energy Marketing Inc. (OEM)	pr	Carol Wilson	
82	Ocean Energy Inc.	pr	Veronica L. Cavazos	
83	Oklahoma Natural Gas Company	l	Bill Kimler	
84	Pacific Gas & Electric	l	John Breen	
85	PacifiCorp Power Marketing Inc.	e	Don Winslow	
86	PECO Energy Co.	l	Reed Horting	
87	Pemex Gas y Petroquimica Basica	pl	Lic. Antonio Roqueni	
88	Peoples Gas Light & Coke Co.	l	Raulando de Lara	
89	PG&E Energy Trading	s	Lyn Maddox	
90	PG&E Gas Transmission	pl	Jay Story	
91	Portland Natural Gas Transmission System	pl	David Morgan	
92	PPL Energy	e	Joseph Cammarano	
93	Public Service Electric & Gas	l	David Wohlfarth	
94	Questar Pipeline Co.	pl	Scott Hansen	
95	Quorum Business Solutions Inc.	s	Douglas Allen	
96	Reliant Energy Gas Transmission Company	pl	Larry Thomas	
97	Reliant Energy Services, Inc.	e	Gary Hinners, John Orr	
98	Resource Data International	s	Konni Keuter	
99	Sabine Pipe Line LLC	pl	Jan Rogers	
100	Salt River Project Agricultural Improvement & Power District	e	Diane McVicker	
101	SCANA Corporation	pl	Jacquelyn Gettle	
102	Sempra Energy - Southern California Gas Co.	l	Lee Stewart	
103	Sequent Energy Management, L.P.	s	Pat Metteauer	
104	Shell Gas Transmission, LLC	pl	Chuck Cook	
105	Southern Company	e	Norrie McKenzie	
106	Southern Natural Gas Co.	pl	Prince McDougal	
107	Southwest Gas Corporation	l	Larry Black	
108	Sterling Commerce	s	Jeff Clavert	
109	Tatum CIO Partners	s	Eric Lentz	
110	Tiger Natural Gas	s	Tracy Phillips	
111	Tractebel Energy Marketing, Inc.	s	Mark Hodges	
112	TransCanada Pipelines	pl	Doug Miller	
113	Transwestern Pipeline Co.	pl	Donna Scott	
114	Trinity Apex Solutions, Inc.	s	Brad Lane	
115	TXU Energy Trading Co.	s	Ellen Dailey, Brad Jones	
116	TXU Lone Star Pipeline Company	pl	Steve Easley	
117	UBS Warburg Energy	s	Suzanne Calcagno	
118	Vector Pipeline L.P.	pl	Amy Bruhn	
119	Washington Gas Light Co.	l	Tim Sherwood	

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant		Organization	Seg.	Contact	Sub-Seg.
	120	Westcoast Energy Inc.	pl	Miranda Barnes	
	121	Westfield Gas & Electric Light Dept.	l	Joyce Bodak	
	122	Williams Energy Services Co.	s	Tammy Grant	
	123	Williams Gas Pipeline	pl	Dale Davis	
	124	Williston Basin Interstate Pipeline	pl	Keith Tiggelaar	
	125	Wisconsin Public Service Corporation	l	Patrick Fox	
Wholesale Electric:	1	ACES Power Marketing LLC	m	Roy J. True	muni
	2	AIG Energy Trading Inc.	m	Carl Peterson	niou
	3	Alabama Electric Cooperative, Inc.	d	Kenneth J. Skroback	muni
	4	Allegheny Energy	d	Mark A. Mader	iou
	5	Allegheny Energy	g	Cecilia Liang-Nicol	merc
	6	Allegheny Energy	m	Herb Yan	iou
	7	Allegheny Energy	t	Terri J. Grabiak	iou
	8	American Electric Power Marketing, Inc.	m	Barbara Radous	iou
	9	American Electric Power Service Corp.	d	Thomas Ringenbach	iou
	10	American Electric Power Service Corp.	t	John Stough	iou
	11	American Municipal Power - Ohio, Inc.	d	Pat Frazier, Chris Norton	muni
	12	American Transmission Company LLC	t	Dale Landgren, Julie Voeck	itc
	13	Arizona Public Service Company	t	Mark W. Hackney	
	14	Arizona Residential Utility Consumer Office	e	Lindy Funkhouser	comres
	15	Arkansas Electric Cooperative Corporation	g	Ricky Bittle	muni
	16	Avista Corp.	t	Scott A. Waples	
	17	Baltimore Gas & Electric Company	t	John J. Moraski, Ralph Bourquin	iou
	18	Basin Electric Power Cooperative	t	Dan Klempel	muni
	19	Basin Electric Power Cooperative	m	David Raatz	nd
	20	Basin Electric Power Cooperative	g	Jason Doerr	muni
	21	Basin Electric Power Cooperative	d	Ted Humann	muni
	22	Boeing Company	e	Steve LaFond	lind
	23	Bonneville Power Administration	d	Terry Larson	other
	24	Bonneville Power Administration	g	Fran Halpin	fed
	25	Bonneville Power Administration	m	Brenda Anderson	fed
	26	Bonneville Power Administration	t	Barbara Rehman	fed
	27	BP America Inc.	e	Jeanne Zaiontz	lind
	28	Buckeye Power, Inc.	d	Peter H. Buros	nd
	29	Calpine Corporation	g	David McMillan	merc
	30	Cap Gemini Ernst and Young	m	William F. Hunter	niou
	31	Central Electric Power Cooperative	d	C. Pinckney Roberts, Arthur Fusco	muni
	32	ChevronTexaco Energy Research and Technology	e	Carol Guthrie	sgen
	33	Cinergy	e	Matthew Smith	enduse

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
34	Cinergy	g	Matthew Smith	iou
35	Cinergy	m	Matthew Smith	iou
36	Cleco Power, LLC	t	Keith Comeaux	iou
37	Columbus Southern Power Company	g	Barbara Radous	merc
38	Comprehensive Energy Services	e	Jim Templeton	enduse
39	Conectiv Energy Supply, Inc.	g	Gloria Ogenyi	merc
40	Conectiv Energy Supply, Inc.	m	Gloria Ogenyi	iou
41	Conectiv Power Delivery	t	Tsion Messick	iou
42	Connecticut Municipal Elec. Energy Cooperative	d	Brian E. Forshaw	muni
43	Consolidated Edison Co, of New York, Inc.	t	Joseph P. Oates	iou
44	Consolidated Edison Co, of New York, Inc.	d	Terry Agriss	iou
45	Consumers Energy Company	d	Steven L. Gaarde	iou
46	Consumers Energy Company	g	Steven L. Gaarde	iou
47	Dairyland Power Cooperative	t	Bruce Staples	muni
48	Department of the Interior, Bureau of Reclamation	g	Deborah M. Linke	fed
49	Detroit Edison	d	David G. Nick	iou
50	Dominion Energy Marketing, Inc.	g	Lou Oberski	iou
51	Duke Energy Corp.	d	Ollie Frazier	iou
52	Duke Energy Corp.	t	David A. McRee	iou
53	Duke Energy North America	g	Bill D. Blevins	merc
54	Dynegy Marketing and Trade	m	Jason Cox	niou
55	Edison Electric Institute	n	David Owens, Dave Dworzak	n
56	El Paso Corporation	g	Dennis M. Price	merc
57	El Paso Merchant Energy	m	Sam Beason	niou
58	Electric Reliability Council of Texas (ERCOT)	n	Sam R. Jones	n
59	Electricity Consumers Resource Council (ELCON)	e	John Anderson	lind
60	EnCana Midstream	e	Keith Sappenfield	lind
61	Energy East Management Corporation	t	Marjorie Perlman	iou
62	Entergy Services, Inc.	t	Edward J. Davis	iou
63	Entergy Services, Inc.	m	F. Jay Poche	iou
64	Exelon Corporation - PECO Energy	d	John F. Leonard, Jr.	iou
65	Exelon Energy Delivery	t	John Blazekovich	iou
66	Exelon Generation - Power Team	m	Linda Clarke	iou
67	Exelon Generation Company LLC	g	Regina Carrado	iou
68	ExxonMobil Gas Marketing	e	Steve Sayuk	sgen
69	Florida Municipal Power Agency	g	Rick Casey	muni
70	Florida Municipal Power Agency	d	Steven H. McElhaney	muni
71	Florida Power & Light Company	m	Joe Stepenovitch	iou
72	Florida Power & Light Company	t	Marty Mennes	iou
73	Georgia Transmission Corporation	t	Gary D. Tipps, Ross Kovacs	muni
74	Hydro One Networks	t	Dave Barrie	itc

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
75	Hydro – Quebec Transenergie	t	Victor Bissonnette	
76	Indiana Municipal Power Agency	g	Dick Foltz	muni
77	Maryland Peoples Counsel	e	Michael J. Travieso	comres
78	Michigan Electric Transmission Company LLC	t	Charles V. Waits	itc
79	Michigan Public Power Agency	d	James R. Nickel, Daniel E. Cooper	muni
80	Midwest Independent Transmission System Operator+J96	n	Bill Phillips	n
81	Mirant Corp.	m	Susann D. Felton	niou
82	Missouri River Energy Services	d	Brian Zavesky	
83	Modesto Irrigation District	t	Roge Van Hoy	muni
84	Municipal Energy Agency of Mississippi	d	C. Neil Davis	muni
85	National Association of Regulatory Utility Commissioners	E	Lou Ann Westerfield	
86	National Grid USA	t	Masheed Rosenqvist	itc
87	National Rural Electric Cooperative Assoc.		Barry Lawson	
88	New York State Dept. of Public Service	e	William Heinrich	reg
89	North Carolina Eastern Municipal Power Agency	g	Jessie C. Tilton III	muni
90	North Carolina Electric Membership Corporation	d	David Beam	muni
91	North Carolina Electric Municipal Power Agency #1	m	Clay A. Norris	muni
92	North Carolina Electric Municipal Power Agency #1	d	Andrew Fusco	muni
93	Northeast Utilities Service Company	t	David Boguslawski, William P. McKinnon	iou
94	NorthWestern Energy	t	Ted Williams	iou
95	NRG Power Marketing, Inc.	g	Steve Corneli	merc
96	Oglethorpe Power Corporation	g	Glenn D. Loomer	muni
97	Ohio Consumers' Counsel	e	John Smart, Randy Corbin	comres
98	Old Dominion Electric Cooperative	g	James N. Kimball	muni
99	Oncor	t	Ellis Rankin	iou
100	Ontario Power Generation	g	Barry Green	merc
101	Ontario Power Generation	m	Dowell Hudson, JoAnne Magnante	niou
102	Open Access Technology International, Inc.	e	Kevin Burns	
103	PacifiCorp	d	Alec Burden	iou
104	PacifiCorp	m	Edison G. Elizeh	iou
105	PacifiCorp	g	Greg Maxfield	iou
106	PacifiCorp	t	Jim Hicks	iou
107	PacifiCorp Power Marketing, Inc.	g	Don Winslow	merc
108	PacifiCorp Power Marketing, Inc.	m	Don Winslow	iou
109	PG&E National Energy Group	m	Dede Hapner	iou
110	Platte River Power Authority	t	Terry L. Baker	

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
111	PPL Electric Utilities Corporation	t	Ray Mammarella	iou
112	PPL EnergyPlus, LLC	g	John Brodbeck	iou
113	Portland General Electric	m	Terri Peschka	iou
114	Portland General Electric	t	Frank Afranji	iou
115	Praxair, Inc.	e	James B. Rouse	lind
116	Progress Energy	d	Benjamin Crisp	iou
117	Progress Energy	g	Philip Lewis	iou
118	Progress Energy	m	Micheal Settlege	iou
119	Progress Energy	t	Verne Ingersoll	iou
120	PSEG Energy Resources and Trade LLC	m	James D. Hebson	iou
121	PSEG Power LLC	g	Grgory Eisenstark	merc
122	Public Service Electric and Gas Company	d	Colin J. Loxley	nd
123	Public Service Electric and Gas Company	t	Jeffrey C. Mueller	nd
124	Public Utility District No. 1 of Chelan County	m	Doug Frazier	
125	Puget Sound Energy, Inc.	t	George Marshall, Bob Harshbarger	niou
126	Reliant Energy HL&P	t	Paul Rocha	iou
127	Reliant Energy Power Generation	g	John Simpson	merc
128	Reliant Energy Services, Inc.	m	Charles Yeung	niou
129	Sacramento Municipal Utility District	g	Thomas Ingwers	muni
130	Salt River Project Agricultural Improvement and Power District	d	Wendy Weathers	other
131	Salt River Project Agricultural Improvement and Power District	g	David P. Slick	fed
132	Salt River Project Agricultural Improvement and Power District	m	John D. Coggins III	fed
133	Salt River Project Agricultural Improvement and Power District	t	Steve Cobb	fed
134	Seminole Electric Cooperative, Inc.	g	Lane Mahaffey	muni
135	Seminole Electric Cooperative, Inc.	t	Glenn Spurlock	muni
136	Southeastern Power Administration	g	Bob Goss	fed
137	Southern California Edison	t	Ronald D. Nunnally	iou
138	Southern Company	d	Garey C. Rozier	
139	Southern Company Services, Inc.	d	Garey Rozier	iou
140	Southern Company Services, Inc.	g	Tony A. Reed	iou
141	Southern Company Services, Inc.	m	Joel Dison	iou
142	Southern Company Services, Inc.	t	R.D. (Dean) Ulch	iou
143	Southwest Transmission Cooperative, Inc.	t	Larry D. Huff	muni
144	Southwest Power Pool	n	Carl Monroe	n
145	Southwestern Power Administration	g	Forrest E. Reeves	fed
146	Southwestern Power Administration	t	Stanley L. Mason	fed
147	Sunflower Electric Power Corporation	t	L. Christian Hauck, Carroll Waggoner	muni
148	Tenaska, Inc.	g	Scott Helyer	
149	Tennessee Valley Authority	d	Ron L. Owens	other

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.	
	150	Tennessee Valley Authority	g	William F. Irish	fed
	151	Tennessee Valley Authority	m	Gary L. Jackson	fed
	152	Tennessee Valley Authority	t	Mitchell Needham	fed
	153	Texas Public Utility Commission	e	Brett Perlman	reg
	154	TRANSLink Development Company LLC	t	Audrey Zibelman	itc
	155	Tri-State Generation and Transmission Association, Inc.	t	Bruce Sembrick	muni
	156	Tri-State Generation and Transmission Association, Inc.	m	Thomas A. Smith	muni
	157	TXU Energy Trading	m	Brad Jones, Jeff Shorter	iou
	158	UBS Warburg Energy	m	Suzanne Calcagno	niou
	159	Vermont Public Power Supply Authority	g	William J. Gallagher	muni
	160	Western Area Power Administration	t	Mark Fidrych	fed
	161	Western Area Power Administration	m	Jeffrey Ackerman	fed
	162	We Energies	d	Linda Horn	iou
	163	We Energies	g	James R. Keller	iou
	164	Wisconsin Public Power Inc.	d	Mike Stuart	muni
	165	Wisconsin Public Service Corporation	g	William Bourbonnais	iou
	166	Xcel Energy Inc.	m	Steven J. Beuning, Steve Peluso	iou
Retail Gas Quadrant:					
	1	AGL Resources Inc.	d	Tina Weatherman	
	2	Amerada Hess Corporation	su	Randy Magnani	
	3	Baltimore Gas & Electric Company	d	Steve Zavodnick	
	4	CapacityCenter.com	s	Greg Lander	
	5	Center Point Energy Minnegasco	su	Andrea Newman	
	6	Consolidated Edison Co, of New York, Inc.	d	Michele Doyle	
	7	Consumers Energy Company	d	Ronn Rasmussen, Andy Dotterweich	
	8	Dominion Retail, Inc.	su	Richard A. Zollars	
	9	Duke Energy Gas Transmission, LLP	su	Richard Kruse	
	10	Energy East Management Corporation	d	Eric Wilen	
	11	Energy Services Group, Inc.	s	George Behr	
	12	EnForm Consulting, L.P.	s	David F. Pfeifer	
	13	Exelon Energy	su	Barb Fatina	
	14	Indiana Office of Utility Consumer Counselor	e	Matthew Parsell	
	15	KeySpan Energy Delivery	d	Nancy Cianflone	
	16	Latitude Technologies	s	Leigh Spangler	
	17	? Michigan Consolidated Gas Company	d	Steven Ewing	
	18	National Fuel Gas Distribution Corporation	d	Walter DeForest	
	19	New Science Partners	s	Rod Sipe	
	20	Niagara Mohawk	d	James Dillon, Janice Bailey	
	21	NiSource Inc.	d	Dorothy Hawkins, Mark T. Maassel	

**North American Energy Standards Board Membership List and Letters of Intent
as of May 29, 2003**

Quadrant	Organization	Seg.	Contact	Sub-Seg.
22	Northwest Industrial gas Users	e	Paula E. Pyron	
23	Ohio Consumers' Counsel	e	Dirken D. Winkler, John Smart, Bruce M. Hayes	
24	Peco Energy Company	d	William Oppenheim	
25	Pennsylvania Office of Consumer Advocate	e	Tanya J. McCloskey, Stephen Keene	
26	Peoples Gas System	d	Rachel Gebhardt	
27	Philadelphia Gas Works	d	Craig White, Joe Stengel	
28	PMO Link, Inc.	s	Geoffrey Hingle	
29	Public Service Electric & Gas Company	d	Joseph Jansen	
30	R. J. Rudden Associates	s	John Charbonneau, Richard J. Rudden	
31	Shell Energy Services	su	Harry Kingerski	
32	Southwest Gas Corporation	d	Ed Gieseking	
33	Sweet Strategies	s	David Sweet	
34	Systrends	s	Dave Darnell	
35	TXU Energy Retail	su	Felecia Lokey	
36	UBS Warburg Energy	su	Suzanne Calcagno	
37	UGI Utilities, Inc.	d	Paul Szykman	
38	Union Gas	d	Dave Arnot	
39	Washington Gas Light Company	d	Adrian P. Chapman, Kenneth W. Yagelski, Samiah Bahhur	
40	Wisconsin Electric Wisconsin Gas	d	Donald Grevenow	
41	Wisconsin Public Service Corporation	d	William Bourbonnais, Glen R. Schwalbach	
42	Xcel Energy	d	Don Basler	



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

FINANCIAL REPORT



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

Financial Report As Of April 2003

BALANCE SHEET

Assets

Current Assets	\$496,847
Accounts Receivable	\$308,500
Fixed Assets	\$33,087
Total Assets	<u>\$838,434</u>

Liability & Equity

Accounts Payable	\$122,430
Retained Earnings	(\$283,811)
Net Income	\$898,483
Total Liability and Equity	<u>\$838,434</u>

Accounts Receivable Analysis

	\$308,500
Items more than 90 days past due	\$100,000
Items 31-60 days outstanding	\$78,500
Items Paid or Credit Memos Written since end of April	\$130,000

INCOME AND EXPENSE

Income	\$1,500,060
Expense	\$601,577
Net Income	<u>\$898,483</u>

INCOME AND EXPENSES TO BUDGET

2003 Budget	\$1,975,500
Expected expenses per month excluding January	\$150,000
Year End Expenses Analysis	\$1,855,000
Difference	\$120,500
YE 2002 Retained Earnings	(\$283,811)
Estimated YE 2003 Retained Earnings	(\$163,311)



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

EXECUTIVE COMMITTEE REPORT

North American Energy Standards Board

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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WGQ Annual Plan Modified by the Executive Committee - February 20, 2003

Item Description	Completion ¹	Assignment
Contracts		
1 Complete the Credit Annex for the contract for purchases and sales of natural gas ² .	2 nd Qtr 2003	Contracts Subcommittee
Status: Underway		
Electronic Delivery Mechanisms and Related Activities		
2 Preparation of documents and submission of EDM standards to ANSI for approval as ANSI standards.	4 th Qtr 2003	EDM Subcommittee
3 Explore additional possibilities for partnership with the Department of Energy.	4 th Qtr 2003	EC Officers
Status: Pending, Discussion Underway		
4 Review and enhance security standards as required by technological changes.	2 nd Qtr 2003	EDM Subcommittee
Status: Complete with the completion of item no. 4, but additional work may be required as an outcome of item no. 5		
5 Review of minimum technical characteristics in Appendices C, D, and E of the EDM Manual.	2 nd Qtr 2003	EDM Subcommittee
Status: Underway		
Standards Implementation		
6 Develop Creditworthiness Standards pursuant to an Annual Plan item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of Creditworthiness.	2 nd Qtr 2003	Business Practices Subcommittee
Status: Underway		

Provisional Activities³

¹ Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

² This item may require coordination with wholesale electric quadrant as it may be related to WEQ Annual Plan item no. 5.

³ To the extent that it is determined that any of the provisional activities should be worked upon during the year as a result of a specific request for standards development or a FERC action, the Board has the discretion to modify the annual plan.

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Item Description	Completion¹	Assignment
Mexican Addendum to the base contract for purchase and sales of natural gas.		
“Energy Day” Standard - including assessment of changes to existing NAESB standards.		
Remand of FERC Order 637 Issues – (1) forward-backward haul to the same point, and (2) Right of First Refusal.		
Model financial hedging agreement development ⁴ .		
FERC order -- Docket No. RM01-10-000 (Affiliate Order).		
Base contract for purchase and sales of natural gas – electronic contract.		

Program of Standards Maintenance & Fully Staffed Standards Work⁵

Business Practice Requests	Ongoing	Assigned by the EC on a request by request basis
Continue review against plan for migration to ANSI ASC X12 new versions as needed and coordinate such activities with DISA.	Ongoing	ANSI (X12) Subcommittee
Information Requirements and Technical Mapping of Business Practices	Ongoing	Assigned by the EC on a request by request basis
Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC on a request by request basis
Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC on a request by request basis

- Notes: (a) Priority is given to action items that are carry-overs from the 2002 Annual Plan.
- (b) Any new activity should be preceded by a request from the submitter after which the annual plan will be revisited. The provisional items would only be addressed after a request is submitted or an order is issued by the FERC.

⁴ This item may require coordination with wholesale electric quadrant as it may be related to WEQ Annual Plan item no. 5.

⁵ This work is considered routine maintenance and thus the items are not separately numbered.

R03006
North American Energy Standards Board Request for Initiation of NAESB
Standards
For
Names, Definitions and Regional Classification of Natural Gas Trading Points Used
by Publishers of Price Information

Date of Request: May, 2003

1. Submitting Entity & Address:

Intelligence Press Inc.
22648 Glenn Drive, Suite 305
Sterling, Virginia 20164

2. Contact Person, Phone #, Fax #, Electronic mailing address:

Ellen Beswick, Publisher
(703) 318-8848
(703) 318-0597
ellen@intelligencepress.com

3. Description of the Proposed Standards:

Intelligence Press is requesting NAESB's aid in setting standard names, definitions and regional classifications for the natural gas trading points most commonly used in the pricing tables appearing in its *Natural Gas Intelligence (NGI)* family of newsletters and in the pricing tables of other natural gas price publishers. A process also would have to be set up for defining new pricing points, which may need to be added in the future.

4. Use of Proposed Standards

The standards would set out clearly defined locational pricing points, which could be used by the publishers and those trading in the market who are submitting pricing data to the publishers to ensure the data is accurately directed and used. Currently, the different publishers' price tables, having been developed individually over the years, do not always call the same point by the same name. Nor are their regional categories the same. This makes it difficult for some back office personnel, who recently have been delegated by many companies to submit data to the publications, to know which trades to ascribe to which points.

NGI believes that NAESB provides a forum where publishers and market participants in the surveys could work together for the better understanding of all.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

Standardizing the definitions and names of the pricing points would increase market transparency by allowing people to easily compare the various publications' price tables. Currently, this is not a simple process. At FERC's recent technical conference on price indices, NGI suggested that one way for the Commission to monitor the market would be to compare the results of different publications and electronic trading systems to identify disparities and possible problem areas for investigation. This type of standardization and monitoring would contribute to market transparency and alert the regulators to trouble spots without mandating the submission of mountains of data from traders to FERC.

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

Changing their tables to conform to new standards would cause only a limited amount of newsletter and website redesign, as well as detailed explanations and defenses to the users of the tables, who generally speaking are intolerant of price table changes.

7. Description of Any Specific Legal or Other Considerations:

This standardization would not require the publishers to list all of the standardized pricing points. It would simply provide the standardized name, definition and regional categorization for a point, which a publication would use if it chooses to survey and list that particular point.

8. If This Proposed Standard or Enhancement is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

Platts has expressed an interest. A representative of FERC's Office of Market Oversight and Investigation has commented favorably on the initiative.

9. If This Proposed Standard or Enhancement is in Use, Who are the Trading Partners:

N/A

10. Attachments:

The daily and monthly price tables published by NGI, *Platts* and Natural Gas Week are included in separate attachments.



NORTH AMERICAN ENERGY STANDARDS BOARD

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June 16, 2003
Filed Electronically

TO: The Honorable Magalie Salas
Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20585

RE: NAESB Progress Report on Pipeline Capacity Creditworthiness Standards Development
(Docket Nos. GT02-35-000, GT02-38-000)

Dear Ms. Salas:

The North American Energy Standards Board ("NAESB") herewith submits this report to the Federal Energy Regulatory Commission ("FERC" or "Commission") regarding NAESB's activities over the past seven months with respect to the development of pipeline capacity creditworthiness standards. The NAESB Business Practices Subcommittee (BPS) began the effort on November 6, 2002, and prepared a recommendation for the Wholesale Gas Quadrant Executive Committee (WGQ EC) consideration on May 20 and June 5, 2003. The WGQ EC adopted ten standards, which require membership ratification. The ratification process should conclude shortly.

The BPS prepared a recommendation of 24 proposed standards. The BPS meeting minutes are provided as enclosures. The WGQ EC considered these proposed standards and the industry comments on May 20 and June 5, 2003. The minutes and voting records from those meetings are provided as enclosures. For the proposed standards that were not adopted, the EC members provided reasons for opposition or abstention. The BPS meetings and WGQ EC meetings were open to all interested parties, the agendas for those meetings posted in advance, and the meetings were also accessible via conference call. Most of the BPS meetings and the two EC meetings were transcribed.

The report is being filed electronically in Adobe Acrobat® Print Document Format (.pdf), and each enclosure is bookmarked separately. All of the documents are also available on the NAESB web site (www.naesb.org). Please feel free to call me at (713) 356-0060 or refer to the NAESB website (www.naesb.org) should you have any questions or need additional information regarding this report.

Respectfully submitted,

Ms. Rae McQuade
Executive Director, North American Energy Standards Board



NORTH AMERICAN ENERGY STANDARDS BOARD

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cc w/o enclosures:

NAESB Managing Committee:

Leonard Haynes, Chairman, NAESB Board of Directors
Michael Desselle, Vice Chairman, NAESB Board of Directors
William Boswell, Vice Chairman, NAESB Board of Directors
Mark Maassel, Vice Chairman, NAESB Board of Directors
James Templeton, NAESB Board of Directors

James Buccigross, Chairman, NAESB Executive Committee

The Honorable Patrick H. Wood, Chairman, Federal Energy Regulatory Commission
The Honorable Nora Mead Brownell, Commissioner, Federal Energy Regulatory Commission
The Honorable William L. Massey, Commissioner, Federal Energy Regulatory Commission

cc w/enclosures:

Michael Goldenberg, Office of General Counsel, Federal Energy Regulatory Commission
Marvin Rosenberg, Office of Markets, Tariffs and Rates, Federal Energy Regulatory Commission

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

**REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD
ON PIPELINE CAPACITY CREDITWORTHINESS STANDARDS DEVELOPMENT
DOCKET NOS. GT02-35-000, GT02-38-000**

The North American Energy Standards Board ("NAESB") is voluntarily submitting this report in accordance with the above referenced dockets. The report includes a list of the standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board ("NAESB"), and several enclosures that document the efforts undertaken to define the 24 proposed standards and adopt 10 of them. The full list of standards considered and the vote record are included in the June 5 Executive Committee minutes in Appendix B. For those standards not adopted, some of the Executive Committee members who either opposed the standards adoption or abstained provided comments by June 11, which are also provided in Attachment A.

Several enclosures provide supporting documentation. The enclosures are:

Appendix A	Executive Committee Member Comments Provided on June 11, 2003 Describing Reasons for Opposition or Abstentions
Appendix B	Executive Committee Meeting Minutes and Voting Records - May 20 and June 5, 2003
Appendix C	Recommendation from the Business Practices Subcommittee
Appendix D	Industry Comments on Recommendation
Appendix E	Business Practices Subcommittee Meeting Minutes
Appendix F	List of Transcripts Available from EC meetings and BPS Meetings listed in Appendices B and E.

This report is intended solely as a status report from NAESB regarding the development of pipeline capacity creditworthiness standards. NAESB does not advocate that the Commission take a particular position on any of the issues presented.

STANDARDS ADOPTED BY THE EXECUTIVE COMMITTEE ON JUNE 5, 2003

- 0.3.zB If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP, contemporaneous with the request, should provide its reason(s) for requesting the additional information to the Service Requester (SR) and designate to whom the response should be sent. The TSP and the SR may mutually agree to waive the requirements of this standard.
- 0.3.zC Upon receipt of either an initial or follow-up request from the Transportation Service Provider (TSP) for information to be used for creditworthiness evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

- 0.3.zD The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.
- 0.3.zE Upon receipt from the Service Requester (SR) of all credit information provided pursuant to the applicable NAESB WGQ standards, the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.
- 0.3.zF The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness, including requests for additional information, pursuant to the applicable NAESB WGQ standards and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses should be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.
- The TSP should designate, on its Internet website or in written notices to the SR, the Internet e-mail addresses of up to two representatives who are authorized to receive notices regarding the SR's creditworthiness. The SR's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and the TSP should manage internal distribution of any such confirmations.
- 0.3.zK At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a creditworthiness re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's creditworthiness. Such update should include any event(s) that the SR believes could lead to a material change in the SR's creditworthiness.
- 0.3.zL After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within five (5) Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the SR's Request unless specified in the TSP's tariff or if the parties mutually agree to some later date.
- 0.3.zQ In complying with the creditworthiness related notifications pursuant to the applicable NAESB WGQ standards, the Service Requester(s) and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.
- 5.3.zD The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

5.3.zF The Transportation Service Provider (TSP) should provide the original releasing shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by the TSP to the releasing shipper's replacement shipper(s), of the following:

- (1) Notice to the replacement shipper regarding the replacement shipper's past due, deficiency, or default status pursuant to the TSP's tariff;
- (2) Notice to the replacement shipper regarding the replacement shipper's suspension of service notice;
- (3) Notice to the replacement shipper regarding the replacement shipper's contract termination notice due to default or credit-related issues; and
- (4) Notice to the replacement shipper that the replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.



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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee – June 3, 2003

	Item Description	Completion ¹	Assignment
1	Develop business practices standards as needed to complement reliability standards.		
	a) Apply NERC/NAESB MOU provisions in reviewing proposed reliability standards for their business practice implications.	2 nd Qtr 2003	Standards Review Subcommittee (SRS)
	Status: Underway		
	b) Review existing NERC reliability policies and standards for their business practice implications.	2 nd Qtr 2003 Low priority	SRS
	c) Review each of the SARs in light of the NERC/NAESB MOU.	Ongoing High priority	SRS
	Status: Underway		
2	Develop business practices standards for OASIS and Electronic Scheduling		
	a) Develop business practice standards as needed for OASIS and electronic scheduling including determining which, if any, ESC/OSC and other related industry groups' business practices and standards should be developed into NAESB standards.	4 th Qtr 2003 Medium/High priority ²	Market Standard Subcommittee (MSS)
	b) Develop standard communication protocols and cybersecurity requirements as needed for OASIS and electronic scheduling including determining which, if any, ESC/OSC and other related industry standard communication protocols and cybersecurity requirements should be developed into NAESB standards.	4 th Qtr 2003 Ongoing High priority	MSS
3	Develop business practices standards in Support of a Standard Market		
	a) Develop standards and model business practices in accordance with FERC orders and rules issued in the SMD docket (RM01-12-000), or pursuant to Order Nos. 888 or 2000, or otherwise directed by the FERC.	Per FERC Order High priority	MSS
	b) Respond to FERC inquiries pertaining to business practice standard development and keep FERC informed on the nature and effectiveness of coordination activities with other standards setting organizations.	Ongoing High priority	MSS
4	Develop business practices standards to Improve the Current Operation of the Wholesale Electric Market		

¹ Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

² The EC determined that this item should carry a medium priority in terms of substance and a high priority in terms of organizational relations.



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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee - June 3, 2003

Item Description	Completion ¹	Assignment
a) Establish a standardized electric trading day. Status: Suspended pending EC guidance.	See Note 1.	Market Operations Subcommittee (MOS)
b) Identify and develop business practices on the public dissemination of market information.	See Note 1.	MOS
c) Establish standard business practices relating to:		
i) Definition and treatment of firm/nonfirm power;	See Note 1.	MOS
ii) Definition and treatment of firm/nonfirm transmission;	See Note 1.	MOS
iii) Provision of reserves for transactions across multiple control areas.	See Note 1.	MOS
d) Develop business standards as necessary to resolve seams issues between ISOs and RTOs. Status: Underway.	See Note 1.	MOS
e) Develop standards for data requirements, data exchange and scheduling of day-ahead and real-time bilateral markets.	See Note 1.	MOS
f) Examine business practices and definitions currently in use to determine applicability on a North American basis. Status: Underway	See Note 1.	MOS
g) Catalogue, assess and prioritize existing "standards" that have significant business practice implications. Status: Underway	See Note 1.	MOS
h) Review activities of NERC CIPAG in light of NERC-NAESB MOU regarding cyber security requirements for their business practice and system communication standards implications. Status: Initial task force members identified, including NERC representation.	See Note 1.	MOS

5 Develop standardized contracts

a) A review of both the Western Systems Power Pool and the Edison Electric Institute (EEI) Master Service agreements and other related agreements would be in order with the objective of developing standard short term and long term master-service agreements. Status: Underway	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
b) A review of the EEI Master netting agreement with the objective of developing standard terms and conditions for netting settlements (perhaps this is a subset discussion of the master service	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee



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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee - June 3, 2003

	Item Description	Completion ¹	Assignment
	agreements above)		
c)	A review of the terms and conditions of the standard liquidated damages contracts ("into Entergy, Into Cinergy, etc.) with the objective of developing standard LD contract terms	4 th Qtr 2003 High priority for outreach	Contracts Subcommittee
d)	A review of the International Swaps and Derivatives Association (ISDA) cross commodity netting agreement Status: Complete. It was determined that this item was addressed by EEI and no further action was needed.	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
e)	Identify and develop business practices that would facilitate transactions between 2 parties when creditworthiness is an issue. Status: Working group established.	3 rd Qtr 2003 High priority for outreach	Contracts Subcommittee
f)	Develop the Funds Transfer Agency Agreement. Status: Complete.	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
6	Develop business practices standards for Inadvertent Interchange Payback Practice. Status: Underway	2 nd Qtr 2003 High/Medium priority	MOS
7	Develop business practices standards related to FERC's forthcoming generation interconnection orders (large and small generators), in Docket Nos. RM02-01-000 and RM02-12-000.	4 th Qtr 2003 ³ High priority	MSS

Notes:

1. The WEQ EC Subcommittee will prioritize these items as appropriate and update the Board.

³ The completion date is dependent upon the issuance date of the generation interconnection orders.



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

1. RECOMMENDED ACTION:

- X Accept as requested
Accept as modified below
Decline

Effect of EC Vote to Accept Recommended Action:

- X Change to Existing Practice
Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- X Initiation
Modification
Interpretation
Withdrawal
Principle (x.1.z)
Definition (x.2.z)
X Business Practice Standard (x.3.z)
Document (x.4.z)
Data Element (x.4.z)
Code Value (x.4.z)
X12 Implementation Guide
Business Process Documentation

Per Recommendation:

- X Initiation
Modification
Interpretation
Withdrawal
Principle (x.1.z)
Definition (x.2.z)
X Business Practice Standard (x.3.z)
Document (x.4.z)
Data Element (x.4.z)
Code Value (x.4.z)
X12 Implementation Guide
Business Process Documentation

3. RECOMMENDATION SUMMARY:

Adopt a Funds Transfer Agent Agreement (FTAA) For use with Power as the traded commodity.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Annual Plan Item #5-f - Develop the Funds Transfer Agent Agreement. and

Request Submitted by AmPro Energy, Inc. - Expand the FTA Agreement to be able to perform power transactions to support Retail Energy provider supply requirements and Wholesale Power transactions. The changes are as follows:

- 1. Change FTA to reflect Power as the traded commodity.
2. It was come to our attention that Suppliers would prefer if we add a sentence under Article 1.3 to have the Buyer be responsible for the FTA (Bank)'s transaction fee. (Proposed language on page 1 Article 1.3)



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

3. Add Article 1.4 to include Governing Law (proposed language on page 1 Article 2.5)
4. Add Article 2.5 to include Confidentiality Clause (proposed language on page 1 Article 2.5)
5. It was come to our attention that the FTA should notify Seller if the Buyer has not made timely payments. (Proposed language on page 2 Article 3.1)

b. Description of Recommendation:

WEQ Contracts Subcommittee

On 1/28/03, the WEQ Contracts Subcommittee established the FTAA Task Force, which is charged with reviewing the red-lined NAESB WGQ FTAA and reporting back to the next WEQ Contracts Subcommittee meeting with a recommendation for adoption as a standard, if appropriate.

FTAA Task Force

On 2/14/03 the FTAA Task Force drafted the request and accompanying FTAA and they were posted on February 12 (www.naesb.org/weq_contracts.htm) and no adverse comments were forwarded. Several meetings were held to revise the FTAA. All work papers are posted at the above web page address.

FTAA Task Force

On 2/26/03 the FTAA Task Force made a motion to adopt the redline FTAA, as modified at the meeting, and standards request and forward such to the WEQ Contracts Subcommittee for consideration at its March 5, 2003 meeting. The motion passed unanimously.

NERC-NAESB Joint Interface Committee

On 3/21/03 the Joint Interface Committee determined through a unanimous motion to forward the FTAA request to NAESB for development.

WEQ Contracts Subcommittee

On 3/24/03 the WEQ Contracts Subcommittee moved to post the draft NAESB FTAA for Electric Power for 30 day comment as it was presented at the March 5, 2003 WEQ Contracts Subcommittee meeting.

c. Business Purpose:

The Power FTA Agreement will allow WMBE companies more access and level plain field into the Power Industry.

Conceived initially as a mechanism to increase participation by small businesses in the natural gas industry, the Funds Transfer Agency Agreement (FTAA) provides value to all segments of the energy marketplace. The FTAA not only benefits Women and Minority owned Businesses (WMBEs) and other small businesses, but also assists natural gas producers and power generators, energy re-purchasers, regulators, and financial institutions. On a basic



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

level, the FTAA increases market competition, thus helping to provide the traditional benefits of increased competition.

For the small business owner or WMBE, the FTAA provides a mechanism to acquire, and perform under, buy/sell agreements that were not always attainable in the past due to credit constraints. This is of particular importance when a small business is in its “start-up” stage. Further, through the use of the FTAA, a small business can build credit with its corporate counterpart and financial institutions. Increased use of the FTAA allows WMBE companies more access to the energy marketplace.

For the energy supplier, the FTAA is a way of managing credit exposure. Through use of the FTAA, a supplier is more willing and able to enter into marketing and sales contracts with small businesses, since it will be assured of payment for its products. The FTAA makes the process of contracting with a WMBE much simpler. As a result, the supplier’s marketplace is expanded.

For a financial institution, the FTAA is a means of providing community service at minimal additional cost. Additionally, use of the FTAA does not significantly expand a financial institution’s risk exposure, since it is merely acting as an escrow account (similar to a lockbox function.) An additional benefit to financial institutions is the ability of developing relationships with small business that may be tomorrow’s multinational conglomerates.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

The WEQ Contracts Subcommittee found the draft FTAA to be an appropriate commercial vehicle to facilitate transactions for Women and Minority Owned Business Enterprises (WMBEs). The FTAA task force and Contracts Subcommittee met on the following days and to prepare the document and recommendation and all work papers may be found on the following web page (http://www.naesb.org/weq_contracts.htm):

- February 14, 2003 Conference Call FTAA Task Force
- February 21, 2003 Conference Call FTAA Task Force
- February 26, 2003 Conference Call FTAA Task Force
- March 5, 2003 Meeting, Phoenix Contracts Subcommittee
- March 24, 2003 Conference Call Contracts Subcommittee



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f

Date: March 25, 2003

The following language is the NAESB Funds Transfer Agent Agreement for Electric Power as discussed in the above recommendation:

NAESB FUNDS TRANSFER AGENT AGREEMENT Electric Power

This NAESB Funds Transfer Agent Agreement ("FTA Agreement") is made and entered into as of [_____] by [Marketer/WMBE (Woman Minority Business Enterprises)] ("Buyer"), [Bank] ("Funds Transfer Agent" or "FTA"), and [Supplier] ("Seller").

- a) The Buyer, Seller, and Funds Transfer Agent agree that Buyer's purchases from Seller under this Funds Transfer Agreement shall only be resold to _____ (Buyer's Repurchaser).
- b) There is a separate and distinct FTA Agreement between the Seller, Buyer, and Funds Transfer Agent for each of the Buyer's repurchasers, which reflects the underlying terms and conditions of the "Base Contract" between the Buyer and such repurchaser.
- c) This FTA Agreement contemplates an instantaneous transfer of title to the Power from Seller to Buyer to Buyer's Repurchaser, so that all parties agree the Power is only to be scheduled at the same delivery point to the Buyer's Repurchaser.

ARTICLE 1 SCOPE OF AGREEMENT

1.1. Special Provision: This FTA Agreement constitutes a Special Provision to that affecting all transactions related to product and services under the EEI Master Power Purchase and Sale Agreement, the Western Systems Power Pool Agreement or other applicable bi-lateral power agreement dated _____, between Buyer and Seller ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all transactions thereunder wherein Buyer and Seller assume the respective roles as indicated in the first paragraph of this FTA Agreement. Capitalized terms used in this FTA Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1.2. Term: This FTA Agreement shall commence on _____, and continue on a Month-to-Month basis until terminated by any party upon 30 Days written notice to the other parties; provided, however, that this FTA Agreement may not be terminated prior to the expiration of the latest Delivery Period of any Transaction Confirmation(s) previously agreed to by the parties subject to this FTA Agreement. The obligation to make payment hereunder, including any related adjustments, shall survive the termination or cancellation of this FTA Agreement.

1.3. Appointment of Funds Transfer Agent ("FTA"): Seller and Buyer hereby appoint FTA as their agent under this FTA Agreement and all related documents, instruments, and agreements ("Related Agreement(s)"), and authorize the FTA, in such capacity, to exercise such powers and perform such duties as are expressly delegated to the FTA by the terms of this FTA Agreement and the Related Agreements, together with such other powers as are reasonably incidental thereto. The FTA shall not have any duties or responsibilities to, or any fiduciary relationship with, Buyer or Seller, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this FTA Agreement or any Related Agreement or otherwise exist with respect to the FTA, except those expressly set forth herein including those identified in Section 3.1. Buyer shall have full obligation to compensate the FTA for its service (transaction) fees.

ARTICLE 2 TRANSACTION PROCEDURE

2.1. Modification to Transaction Procedure and Transaction Confirmation to Base Contract: The parties will use the following Transaction Confirmation procedure in lieu of the procedure set out in the Base Contract. The Transaction Confirmation is attached as Exhibit A-1

2.2. Execution of Transaction Confirmation By Buyer And Seller: Should Buyer and Seller come to an Agreement regarding a Power purchase and sale transaction for a particular Delivery Period subject to this FTA Agreement, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, to the other party and to the FTA by the close of the Business Day following the date of agreement. If a sending party's Transaction Confirmation is agreeable to the receiving party, the receiving party will execute the Transaction Confirmation and communicate copies thereof to the sending party and to the FTA by facsimile transmission by the close of the Business Day following receipt. Buyer and Seller will assign to each Transaction Confirmation the same identification number as Buyer's Repurchaser assigns to the corresponding Transaction Confirmation between Buyer and Buyer's Repurchaser.

2.3. Confirmation of Transaction by FTA: Upon the FTA's receipt of a Transaction Confirmation executed by both Buyer and Seller, FTA will verify (i) that Buyer has contracted with Buyer's Repurchaser to take delivery of a like quantity of Power at the Delivery Point(s) and under the same performance obligation as identified on the Transaction Confirmation; (ii) that Buyer's Repurchaser has agreed to make payment through the FTA of the funds due for its purchase of the Power delivered and accepted at such Delivery Point(s); and (iii) that the price to be paid by the Buyer's Repurchaser for such Power is not less than the price set out on the Transaction Confirmation between Buyer and Seller. The FTA will confirm its verification within 24 hours of its receipt of the executed Transaction Confirmation(s) by executing the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation and returning copies of such executed FTA Confirmation Statement to Buyer and Seller by facsimile transmission.

Special Condition - FTA Confirmation Statement

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Power – delivered subject to this Transaction Confirmation pursuant to the terms and conditions of its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Power directly to FTA.

[Bank]: _____

2.4. Confirmation Execution Required: If Seller or Buyer has not received the FTA's Confirmation Statement within 24 hours after communication of the executed Transaction Confirmation to FTA, such party shall contact FTA and the other party by telephone regarding such non-receipt. The parties acknowledge that their agreement will not be binding until FTA executes its FTA Confirmation Statement and communicates a copy of such to Buyer and to Seller.

2.5. Confidentiality: Neither Party, Buyer, Seller and FTA shall disclose the terms or conditions of a Transaction under this FTA Agreement to a third party (other than the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

2.6. No Modification: A fully executed and confirmed Transaction Confirmation may not be modified without the written consent of Buyer, Seller, and FTA. In the event of a conflict among the terms of (i) a Transaction Confirmation; (ii) the Base Contract, including any Special Provisions; and (iii) the GT&C, the terms of the documents shall govern in the priority listed in this sentence.

ARTICLE 3 PAYMENTS

3.1. Payment From FTA: FTA shall pay Seller by wire transfer for the benefit of Buyer on the next Business Day following receipt of funds paid by Buyer's Repurchaser, and in accordance with FTA wire instructions contained in Section 3.2 below. Additionally, Buyer will furnish to FTA a copy of Seller's invoice, which will determine the amount of the wire transfer. Buyer shall not be required to enter into any other contractual or other arrangements in order to effectuate payments to Seller. FTA's obligation to make payment to Seller hereunder is specifically conditioned upon FTA's receipt of funds from Buyer's Repurchaser. Funds received from Buyer's Repurchaser shall be held in trust by the FTA for the benefit of the Seller to the extent of the purchase price owing from the Buyer to the Seller.

3.2. Payment Address: All payments from Buyer to Seller shall be sent through FTA via Fed Funds to Seller at the address set out herein. Only Seller may request revisions to the address specified for payment herein, which requests shall not be made more than two times per year, unless due to merger or mandated by State or Federal regulations.

[Supplier'] - Wire Transfer Account
Bank: *[Supplier's Bank]*, *[City, State]*
Account No. *[000-00-000000]* ABA # *[000000000]*

Invoice Reference No. _____

Please include invoice reference number _____ in the text field of your wire transfer.

ARTICLE 4 NOTICES

4.1. Notice Requirements : Any notice provided for in this FTA Agreement, or any notice which any party may desire to give to the others, shall be sent by facsimile or other mutually acceptable electronic means, and confirmed by a telephone call as soon as possible during common business hours, to the contacts set out below.

4.2. Notices to FTA

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.3. Notices to Buyer:

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.4. Notices to Seller:

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.5. Change of Contacts : Any party may change the designated contact and/or telephone and/or facsimile numbers and/or Email Address for notices upon seven Days written notice.

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

As evidence of their agreement hereto, the parties have caused this FTA Agreement to be duly executed in triplicate originals by their authorized representatives as of the date first written above.

BUYER:

By: _____
Name: _____
Title: _____

SELLER:

By: _____
Name: _____
Title: _____

FUNDS TRANSFER AGENT:

By: _____
Name: _____
Title: _____

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

SPECIAL PROVISION TO THE BASE CONTRACT FOR SALE AND PURCHASE OF ELECTRIC POWER

This Special Provision is made and entered into as of _____, and amends that certain Base Contract for Sale and Purchase of Electric Power dated _____, between [Repurchaser] and [Marketer] ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all Transactions where [Repurchaser] is buyer, hereinafter referred to as Repurchaser, and ["WMBE" Woman Minority Business Enterprises] is seller, hereinafter referred to as Marketer. Capitalized terms used in this Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1. **DEFINITION OF "FTA"**: The term "FTA" or "Funds Transfer Agent" will refer to:

[Bank]
 [Bank's address]

2. **CONFIRMATION OF TRANSACTION BY FTA**: Repurchaser and Marketer will send copies of their respective periodic Transaction Confirmations to FTA. Repurchaser will obtain confirmation by the FTA that Marketer has contracted with a supplier to deliver a like quantity of Power at the Delivery Point(s) identified on the Transaction Confirmation, under the same performance obligation at a price no greater than the price set out on the Transaction Confirmation between Repurchaser and Marketer. Such confirmation will be documented by the FTA's execution of the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation sent by FTA to Marketer and to Repurchaser. (An example of this form of Transaction Confirmation is attached as Exhibit A-2.)

Special Condition - FTA Confirmation Statement

_____, as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[FTA]: _____

3. **NO MODIFICATION**: The payment instructions may not be modified during the operative period of a binding Transaction Confirmation. Any modification to a binding Transaction Confirmation must be in the form of a revised Transaction Confirmation and subject to the same confirmation process set out in paragraph 2 above.

4. **NOTIFICATION**: Repurchaser and Marketer agree to furnish to the FTA a copy of this Special Provision and each operative Transaction Confirmation, substantially in the form of Exhibit A-2. Repurchaser and Marketer hereby advise FTA that any information furnished hereunder is confidential.

5. **OPTION OF REPURCHASER**: The Repurchaser has the option to specify the names of suppliers authorized to supply the Power to Marketer. Therefore, Repurchaser and Marketer agree that Power sold to Repurchaser under this Special Provision shall be purchased only from the companies listed below. If no suppliers are listed below, any supplier shall be deemed acceptable to Repurchaser. Repurchaser may amend the authorized suppliers list for future transactions by written notice to the Marketer and to the FTA, so long as the change(s) are made prior to the fifteenth Day of the Month preceding the Month of delivery.

Authorized Suppliers List

REPURCHASER:
 By: _____
 Name: _____
 Title: _____
 Date: _____

MARKETER:
 By: _____
 Name: _____
 Title: _____
 Date: _____

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

TRANSACTION CONFIRMATION EXHIBIT A-1
FOR IMMEDIATE DELIVERY

Date:
Transaction Confirmation #: (1) A-1

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

SELLER: [Supplier] _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____	BUYER: [Marketer] _____ _____ _____ Attn: _____ Phone: _____ Fax.: _____ Base Contract No.: _____
---	---

Performance Obligation: Firm-LD (2) A-1

(3) A-1 Daily Quantity	(4) A-1 Delivery Point(s)	(5) A-1 Price \$/MWh	(6) A-1 Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____	Buyer: _____
By: _____ (7) A-1	By: _____ (8) A-1
Title: _____	Title: _____
Date: _____	Date: _____

BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Power delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Power directly to FTA.

[Bank] _____
 Name: _____
 Title: _____
 Date: _____

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

TRANSACTION CONFIRMATION EXHIBIT A-2
FOR IMMEDIATE DELIVERY

Date:
Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

SELLER: [Marketer]	BUYER: [Repurchaser]
_____	_____
_____	_____
Attn: _____	Attn: _____
Phone: _____	Phone: _____
Fax: _____	Fax.: _____
Base Contract No.: _____	Base Contract No.: _____

Performance Obligation: Firm-LD

Daily Quantity	Delivery Point(s)	Price \$/MWh	Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____	Buyer: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:
 [Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[Bank] _____
 Name: _____
 Title: _____
 Date: _____

FTA Agreement Instructions

The FTA Agreement is composed of two basic documents, which are Agreement #1 between the Generator/Supplier, the WMBE and the Bank, and Agreement #2 between the Repurchaser and the WMBE. The Bank's administration of these documents occurs at two different phases of each transaction, which are the Transaction Confirmation Phase of Exhibit A-1 and Exhibit A-2, and the Funds Transfer Phase.

Transaction Confirmation (see EXHIBIT A-1 and EXHIBIT A-2)

The Transaction Confirmation process should be completed by the end of the month preceding the month of Delivery. Therefore, the Generator /Supplier will have received from the FTA Bank a fully executed Exhibit A-1 prior to the flow of Power on the first day of the Delivery month.

The Bank will verify eight (8) items on the Exhibit A-1 and eight (8) items on the Exhibit A-2, which are as follows:

1. (1) A-1 & (1) A-2 – the Transaction Confirmation number is the same on both Exhibits.
2. (2) A-1 & (2) A-2 – the Performance Obligation is the same, both "Firm-LD" on both Exhibits.
3. (3) A-1 & (3) A-2 – the Daily Quantity is the same on both Exhibits.
4. (4) A-1 & (4) A-2 – the Delivery Point is at the same place on both Exhibits.
5. (5) A-1 & (5) A-2 – the (5) A-2 price is greater than the (5) A-1 price, so that the deal is on at a positive profit margin.
6. (6) A-1 & (6) A-2 – the Delivery Period is for the same time period on both Exhibits.
7. (7) A-1 & (7) A-2 – both Exhibits have been signed by the Sellers, as provided for.
8. (8) A-1 & (8) A-2 – both Exhibits have been signed by the Buyers, as provided for.

After the above verification process has been completed and if applicable, the FTA confirms that the Supplier is on the Buyer's Authorized Suppliers List, the Bank signs the bottom of the Exhibit A-2 and faxes it back to the Repurchaser and the WMBE, and then the Bank signs the bottom of the Exhibit A-1 and faxes it back to the Generator/Supplier and the WMBE. This completes the Transaction Confirmation phase. This repeats once a year for one-year deals and once a month for one-month deals.

Flow of Funds of FTAA (see Flow of Funds of FTAA diagram)

Prior to the 25th Day of the Month following the Month of Delivery, the Bank will receive Payment Instructions and a copy of the Generator /Supplier's Invoice from the WMBE. On or about the 25th Day of the Month following the Month of Delivery, the Repurchaser will transfer funds into the "WMBE Account Controlled by Bank." The FTA will transfer to the Generator/Supplier the indicated amount of funds on the next Business Day after receipt of payment. The remainder of the funds in the "WMBE Account Controlled by Bank" (i.e., the Profit Margin) will be transferred to the WMBE. This transfer of funds will occur each month following a month in which the Power was delivered in accordance with the operative Exhibit A-1 and Exhibit A-2.

Title of Proposed Standard:	Coordinate Interchange Transactions
Request Date:	March 7, 2002
Authorized for Posting:	March 20, 2002
SAR ID# :	COORD_INTERCHNG_01_04

SAR Requestor Information		SAR Type (Put an 'x' in front of one of these selections)	
Name:	Jim Byrd (Albert DiCaprio as substitute)	X	New Standard
Primary Contact:	(Al DiCaprio)		Revision to existing Standard
Telephone:	610 666-8854		Withdrawal of existing Standard
Fax:			
e-mail:	dicapram@pjm.com		Emergency Action

Notes:

1. The NERC Functional Model has not been finalized. Modifications to the Functional Model may require some conforming changes to this SAR.
2. There is much industry disagreement on the terms used to describe the various stages of coordinating interchange. The SAR DT assembled a series of charts that shows the steps in coordinating interchange. These charts are attached to this SAR and highlight the application of the following terms:
 - Interchange Transaction
 - Interchange Schedule

SAR: Coordinate Interchange Transactions

Purpose/Industry Need (Please see diagram attached)

To ensure that the implementation of Interchange Transactions between Sink and Source Balancing Authorities is coordinated by the Interchange Authority such that the following reliability objectives are met:

- Each Interchange Schedule is checked for reliability before it is implemented
- The Balancing Authorities implement the Interchange Schedule exactly as agreed upon in the Interchange Confirmation process
- Interchange Schedule information is available for reliability assessments

For the purpose of this SAR, the following definitions have been adopted:

- **INTERCHANGE TRANSACTION.** An agreement arranged by a Purchasing-Selling Entity to transfer energy from a seller to a buyer.
- **INTERCHANGE SCHEDULE.** An authorized interchange transaction, approved by all entities, that is implemented (goes physical) between a BA and IA.
- **INTERCHANGE IMPLEMENTATION** - The physical initiation of an approved interchange schedule

Brief Description

To ensure reliability related data pertaining to interchange transactions is verified and communicated to functional authorities. Reliability related data to be verified should include megawatt magnitude, ramp start and stop times, and the interchange transaction's duration. Reliability related data should be communicated by and between the Interchange Authority, Balancing Authority, Reliability Authority, Transmission Service Provider, and Purchasing-Selling Entity functions.

Verification of data should indicate that a mutual agreement exists between parties that intend to implement a proposed interchange transaction as well as approval by the appropriate functional authorities.

To provide a mechanism for interchange transaction identification that could be used for congestion management and/or relieving operating limit violations.

SAR: Coordinate Interchange Transactions

Reliability Functions

The Standard will Apply to the Following Functions <i>(Put an 'X' in front of each one that applies)</i>		
X	Reliability Authority	Ensures the reliability of the bulk transmission system within its Security Authority Area. This is the highest reliability authority.
X	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
X	Interchange Authority	Authorizes valid and balanced Interchange Schedules
	Planning Authority	Plans the bulk electric system
X	Transmission Service Provider	Provides transmission services to qualified market participants under applicable transmission service agreements
	Transmission Owner	Owns transmission facilities
	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
	Distribution Provider	Provides and operates the "wires" between the transmission system and the customer
	Generator	Owns and operates generation unit(s) or runs a market for generation products that performs the functions of supplying energy and Interconnected Operations Services
X	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity and all necessary Interconnected Operations Services as required.
	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user

SAR: Coordinate Interchange Transactions

Reliability and Market Interface Principles

Applicable Reliability Principles (Put an 'x' in front of all that apply)	
X	1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions
X	2. The frequency of interconnected bulk electric systems shall be controlled within defined limits through the balancing of electric supply and demand
X	3. Information necessary for planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably
	4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained and implemented
X	5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk electric systems
	6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified and have the responsibility and authority to implement actions
X	7. The security of the interconnected bulk electric systems shall be assessed, monitored and maintained on a wide area basis
Does the proposed Standard comply with all of the following Market Interface Principles?	
<i>(Enter 'yes' or 'no')</i>	
	Yes
1.	Interconnected The planning and operation of bulk electric systems shall recognize that reliability is an essential requirement of a robust North American economy
2.	An Organization Standard shall not give any market participant an unfair competitive advantage
3.	An Organization Standard shall neither mandate nor prohibit any specific market structure
4.	An Organization Standard shall not preclude market solutions to achieving compliance with that Standard
5.	An Organization Standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards

SAR: Coordinate Interchange Transactions

Detailed Description: This standard will include requirements for the exchange of reliability-related data pertaining to Interchange Transactions.

The standard shall contain the following requirements for the BA:

- BA shall confirm (with the IA) its approval or denial of the requested Interchange Schedule
- BAs shall implement Interchange Schedules exactly as agreed upon in the interchange confirmation process

The standard shall contain the following requirements for the IA:

- The IA shall confirm the approvals from all involved parties (RAs, BAs, TSPs) and shall authorize, upon confirming approvals, the implementation of Interchange Schedules
- The IA shall confirm that Interchange Transactions are balanced and valid prior to physical delivery
- The IA shall communicate implementation status to all parties (with which the Interchange Transaction must be coordinated)

The standard shall contain the following requirements for the RA:

- The RA shall receive and confirm Interchange Transaction information with the IA
- The RA shall approve or deny the request from the IA based on reliability perspectives.

The standard shall contain the following requirements for the TSP:

- TSP shall receive and confirm Interchange Transaction information with the IA
- The TSP shall approve or deny the request from the IA

The standard shall contain the following requirements for the PSE:

- When an entity desires to transfer energy, the entity initiating the transaction shall submit, as a minimum, the following reliability-related transaction data to its IA:
 - Desire to transfer energy
 - Megawatt magnitude
 - Ramp start and stop times
 - Interchange transaction's duration
 - Sufficient information for all approval entities
- The PSE shall request approval for interchange transactions from the IA
- The PSE shall confirm interchange transaction requirements with the IA

SAR: Coordinate Interchange Transactions

Related Standards

Standard No.	Explanation

Related SARs

SAR ID	Explanation
BAL_RES_&_DEMND_01_03	The "Balance Resources and Demand" SAR identifies requirements matching resources with demand. Some of the data required to ensure "balance" comes from transactions and is referenced in this Coordinate Interchange SAR.
OPER_WITHN_LMTS_01_02	The "Operate Within Transmission Limits – Monitor and Assess Short Term Reliability" SAR includes requirements that the RA monitor the overall reliability of the RA Area. This includes the requirement that data be collected and analyzed to ensure security. Some of the data collected for security analyses is included in this Coordinate Interchange SAR.
COORD_OPERATONS_01_01	The "Coordinate Operations" SAR may include requirements such as entering data into the IDC. The data for this comes from Interchange.
ABNML_&_EM_COND_01_01	The "Prepare for and Respond to Abnormal or Emergency Conditions" SAR identifies requirements for recognizing and responding to emergency conditions. Some emergencies may involve curtailment of interchange schedules.

Regional/Interconnection Differences

Region	Explanation
ECAR	none
ERCOT	<p>ERCOT: As a single Control Area (Balancing Authority) interconnection there are no true Interchange Schedules in ERCOT. The only Interchange is over DC ties, which will have unique requirements.</p> <p>Oncor: ERCOT has an Interconnection Difference by Legislative direction for retail choice. There are no transmission reservations requirements and generation/load schedules are part of the real-time competitive market.</p>
FRCC	none
MAAC	none
MAIN	none
MAPP	none
NPCC	none
SERC	none
SPP	none
WECC	none

SAR: Coordinate Interchange Transactions

Implementation Plan

Description (Preliminary.)

Portions of Policy 3 will be deleted when this SAR is implemented. Policy 3 contains some procedures that may need to be transformed from Policies into commercial practices or supporting documents in concert with the implementation of this new standard.

Team Assignments

"Coordinate Interchange" SAR Drafting Team

Chairman: Doug Hils

Secretary/Facilitator: Gordon Scott

Requestor: Jim Byrd (Albert DiCaprio as substitute)

Industry Representatives:

Diane Barney

Linda Clarke

Jim Cyrulewski

Nick Henery

Carolyn Ingersoll

Adrian Malo

Dave McGinnis

David McRee

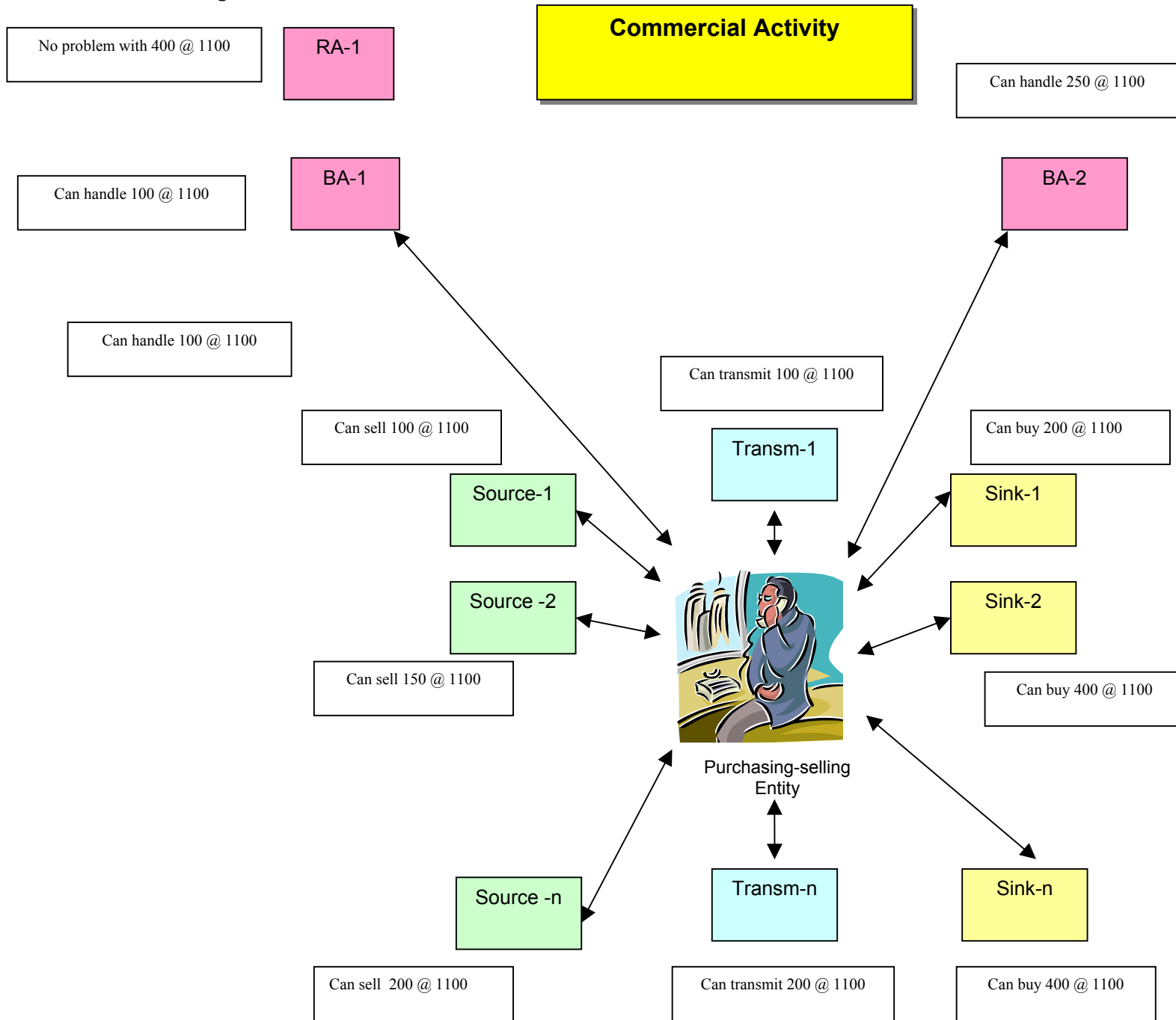
Jim McIntosh

Joel Mickey

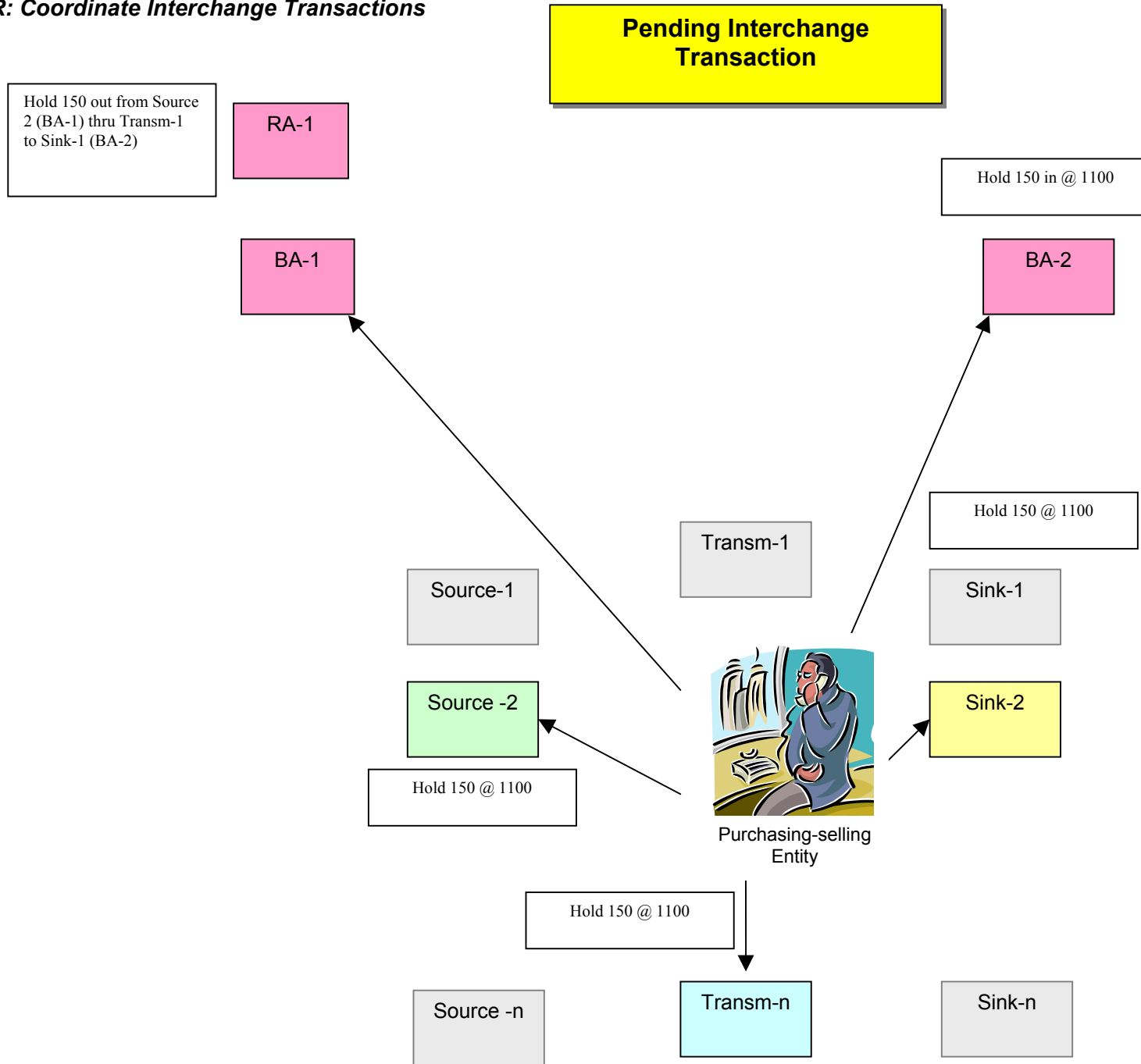
Monroe Landrum

Charles Yeung

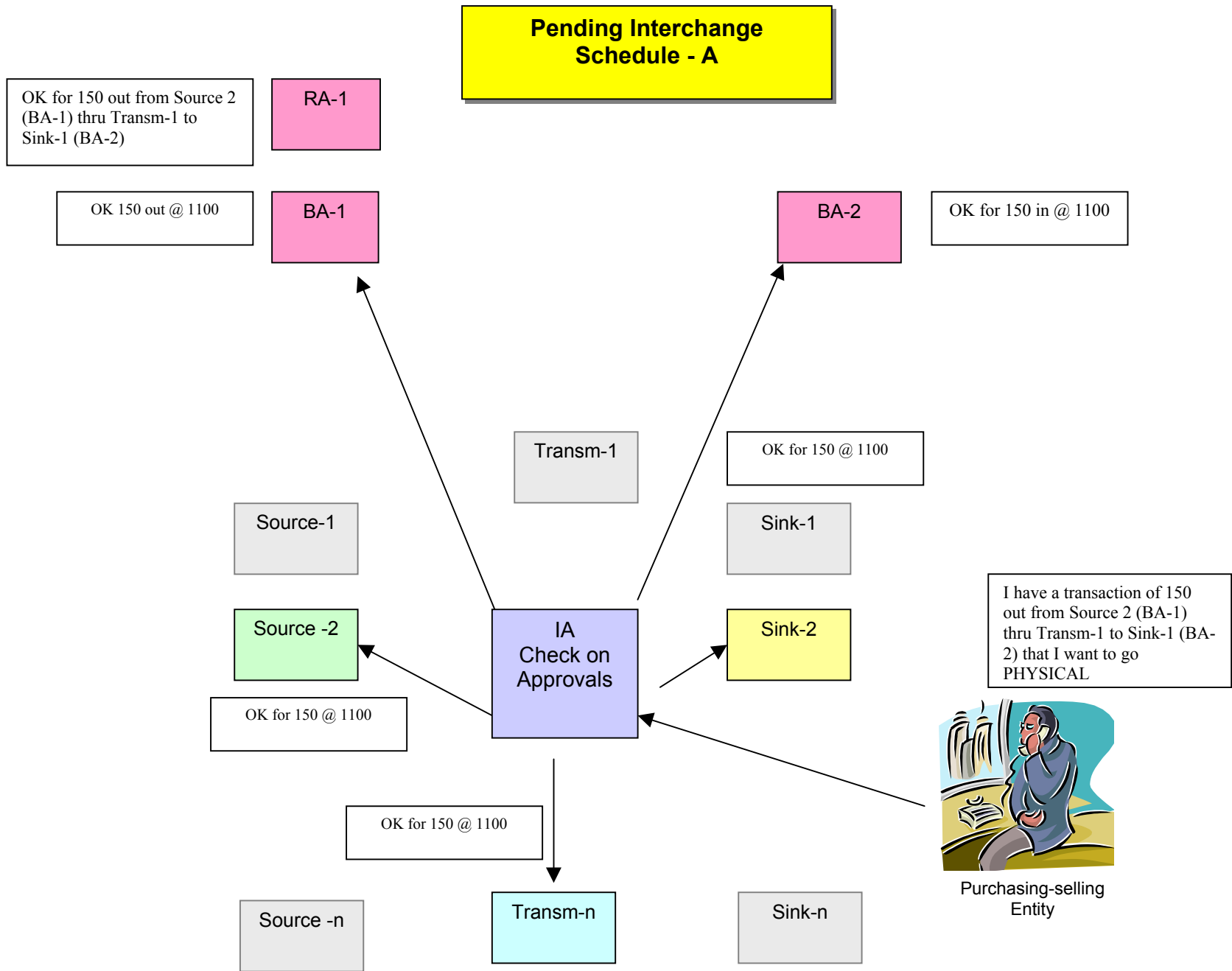
SAR: Coordinate Interchange Transactions



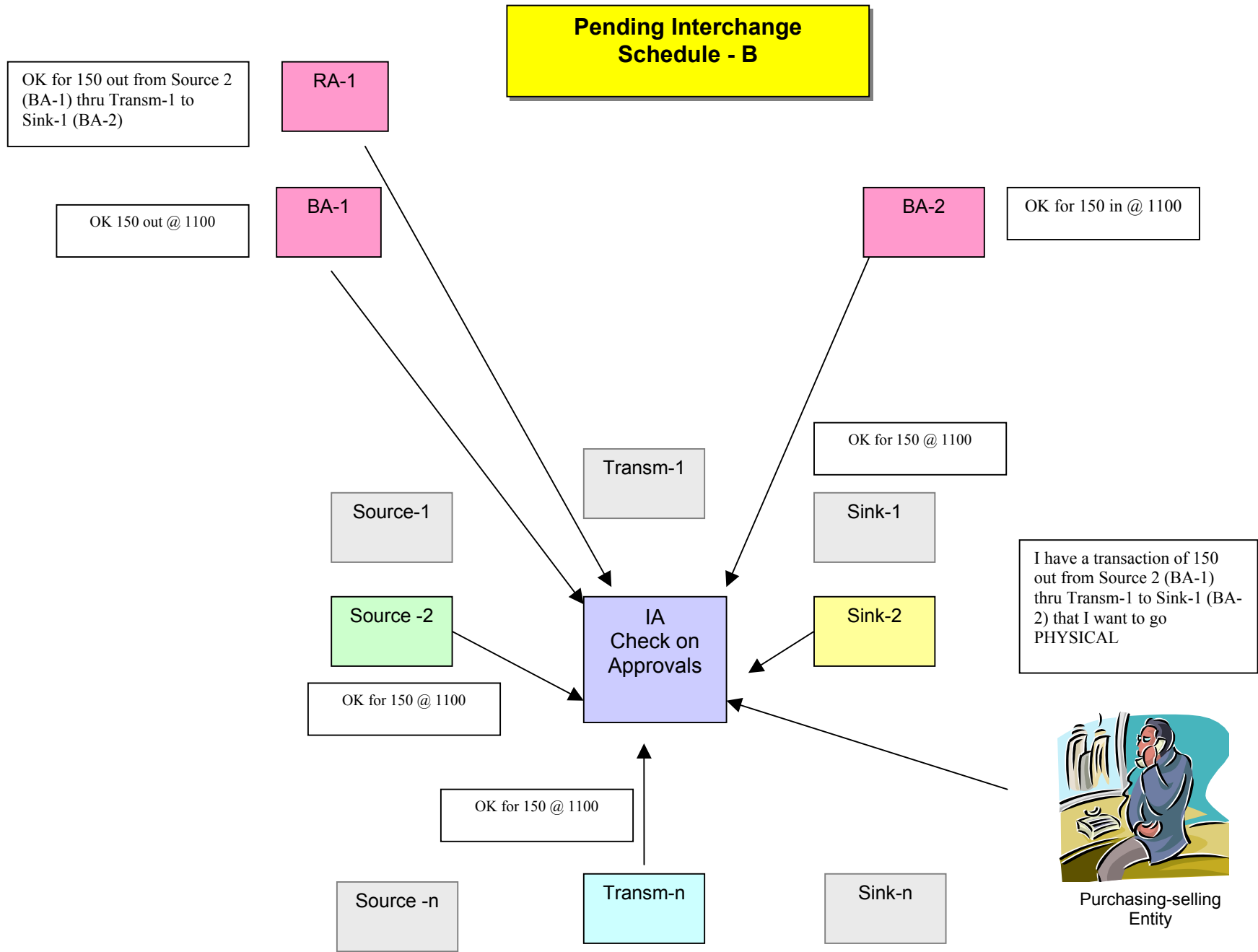
SAR: Coordinate Interchange Transactions



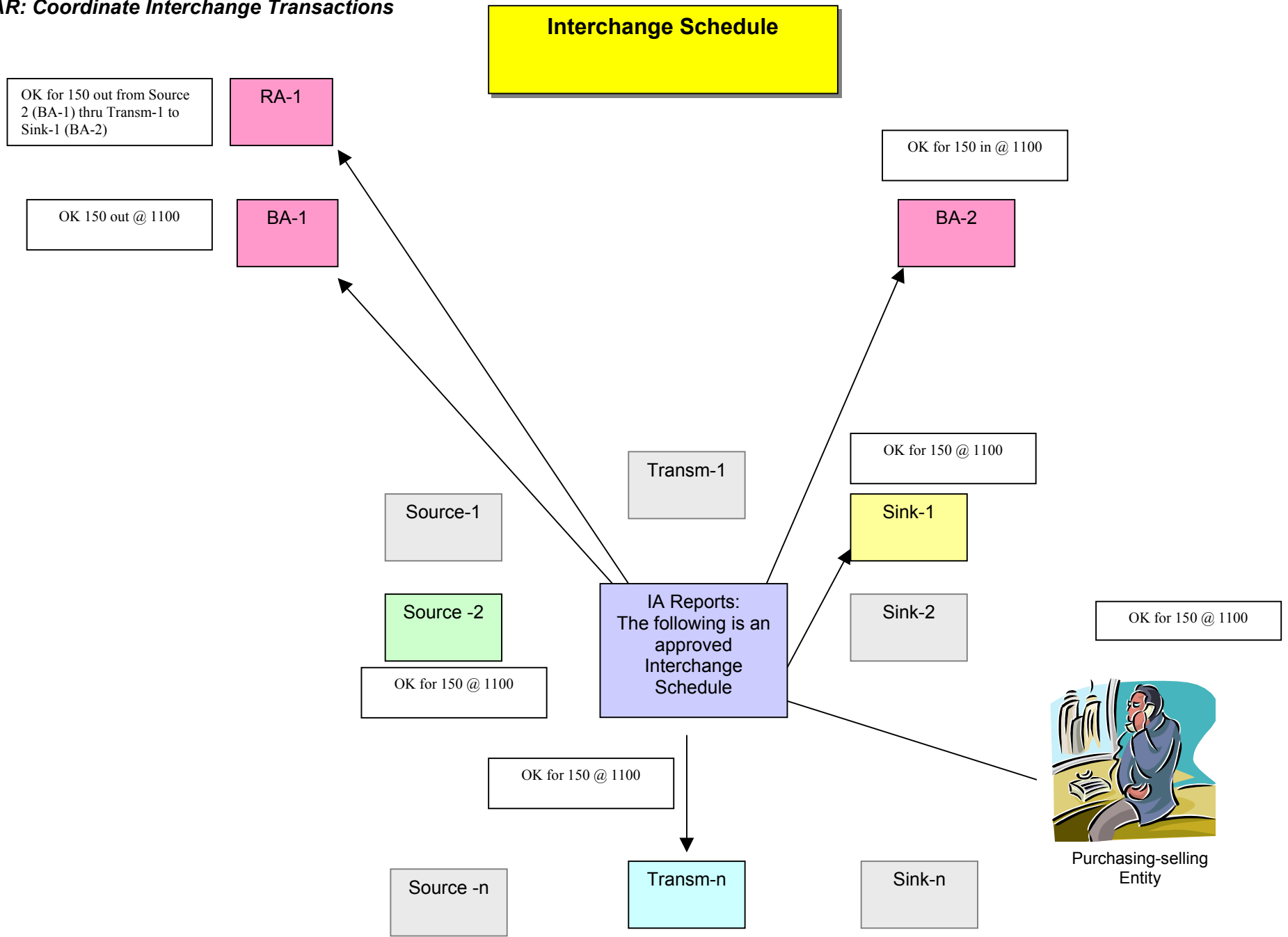
SAR: Coordinate Interchange Transactions



SAR: Coordinate Interchange Transactions



SAR: Coordinate Interchange Transactions



Charles Yeung, Reliant Energy Comments on Coordinate Interchange SAR
5-9-2003

The Coordinate Interchange SAR is on its way to set criteria for the standards drafting team to develop a NERC Reliability Standard that meets NERC's mission and its adopted Reliability and Market Interface Principles. The separation of the market issues from the Reliability Standard is of key importance because it allows for other organizations to develop the appropriate market requirements. However, in doing so, a level of consistency and standardization for the Interconnections may be lost. It is not in NERC's purview to develop or influence market standards, but the industry must be made aware that the CI Reliability Standard will leave it up to others to address the issue of scheduling requirements for seamless markets.

Excerpt from the CI SAR:

The standard shall contain the following requirements for the BA:

- BA shall confirm (with the IA) its approval or denial of the requested Interchange Schedule
- BAs shall implement Interchange Schedules exactly as agreed upon in the interchange confirmation process

The standard shall contain the following requirements for the PSE:

- *When an entity desires to transfer energy to another BA's area, the entity initiating the transaction shall submit as a minimum the following reliability-related transaction data to its IA:*
 - *Desire to transfer energy to another BA's area*
 - *Megawatt magnitude*
 - *Ramp start and stop times*
 - *interchange transaction's duration*
 - *Sufficient information for all approval entities*
- The PSE shall request approval for interchange transactions from the IA
- The PSE shall confirm interchange transaction requirements with the IA

What is NOT a part of this Standard?

The "Implementation" part of the SAR refers to the exclusion of certain requirements of Policy 3 from the Standard. Inadvertent Energy Payback was identified early in the process as not a NERC standard and allocated to NAESB for development. Are there other elements of interchange that should also be allocated to NAESB or RTOs for definition?

Market procedures for requesting/submitting transaction information – ala PJM, MISO are believed to be NOT a part of the CI Standard. Is the SAR language clear that these markets will not be subject to requirements in the CI Standard that "mandates or prohibits

any given market structure?” - one of the Market Interface Principles referred to in the SAR form that is assumed to be complied with.

The future standard on Coordinate Interchange should differ from the current Policy 3 Standard which describes interchange transaction request submission, revision, modification procedures (embodied in the various Policy 3 Appendixes). The new standard seems to delegate those procedures and data requirements to regional markets to develop.

This raises an important issue regarding standardization of practices to enable inter-Regional markets. By divorcing NERC from developing market standards, the ability for a NERC Standard to enable a seamless market is lost. The present NERC Policy 3 tagging requirements has established a level of market consistency for the Eastern Interconnection and recently, the Western Interconnection. This level of consistency may be lost with the new CI Standard.

A diversity of market procedures for the request for inter-regional energy transfers may result due to the emergence of RTOs and the differences in market rules. Without a centralized standard procedure for the handling of bi-lateral transaction requests and implementation, the PSEs conducting business across regional boundaries may be faced with a plethora of data and timing requirements. This would disrupt the market’s ability to seamlessly transact business between transmission providers that do not operate under a single market.

The Answer is Coordination

With the assumption that the CI Standard will not specify the market processes to request energy transfers, NERC must define and standardize the core and fundamental required technical information for reliability in such a manner that all markets, regardless of structure, will be able to comply. Since NERC is divorced from developing market standards, it cannot play a direct role in market standards development. Instead, NERC must inform the industry that this need exists. Organizations chartered to develop market rules should carry on the burden of developing market requirements that can enable seamless transactions.

Title of Proposed Standard:	Coordinate Operations Between Reliability Authorities
Request Date:	March 7, 2002
Authorized for Posting:	March 20, 2002
SAR ID# :	COORD OPERATONS 01 03

SAR Requestor Information		SAR Type (Put an 'x' in front of one of these selections)	
Name:	Jim Byrd (Roger Harsey as substitute)	X	New Standard
Primary Contact	Roger Harsey		Revision to existing Standard
Telephone:	317-249-5400		Withdrawal of existing Standard
e-mail:	Rharszy@midwestiso.org		Emergency Action

Purpose/Industry Need

To ensure that each RA's operations are coordinated such that they will not have an adverse impact on the reliability of other RA's and to preserve the reliability benefits of interconnected operations.

Brief Description

Establish requirements for the coordinated operation between RA's for operational (for current and next day) planning, real-time operations, and maintenance of the interconnected bulk electric system.

This standard will address the following areas:

- Documenting the RA's authority to assist in resolving problems that its caused to another system
- Developing, Maintaining and Sharing Operating Procedures
- Analyzing Maintenance Outages
- Performing Security Analyses
- Performing Generation Resource Availability Analyses
- Sharing Results of Analyses
- Communicating with Others
- Acting with Others

Detailed Description

Requirements shall be developed for the following:

- Develop, Maintain and Share Operating Procedures
 - Operating procedures that address identified potential operating scenarios that may impact neighbor RA's or the Interconnection shall be developed, and distributed to all entities that are expected to take action or that may be impacted as a result of this procedure.
- Analyze Maintenance Outages (real time to 12 months ahead)
 - Analyze the impact of generation outages from a reliability perspective
 - Analyze the impact of transmission outages from a reliability perspective
- Coordinate Reliability Analyses (Generator Resources and Transmission Facilities) (For current and next day and for its impact on other systems)
 - The RA shall coordinate the development of its reliability analyses with other RAs. These analyses shall consider known generation and transmission outages.
 - The RA shall share the results of its system analyses, when conditions¹ warrant, with other RA's, and other involved entities (or upon request, subject to the FERC Code of Conduct and other Confidentiality Agreements)
- Communicate with other impacted RAs to share information:
 - The RA shall communicate with other impacted RAs whenever there is a known potential or actual condition that may adversely affect another RA's Area, such as:
 - A generator or transmission outage will impact another RA
 - Outages of information technology (IT) systems (telemetry, communications, and/or control equipment or other information systems) prevent an RA from performing a reliability analysis of its RA Area or impact the ability of one RA to receive/send data or voice communications to another RA
 - Results of analyses or real-time conditions indicate potential or actual reliability problems
 - Physical or cyber attacks have been threatened or have occurred
- Communicate with other impacted RAs to identify, agree upon, and act or direct others to act to implement solutions to prevent/resolve impending/actual operating problems such as:
 - When interconnection -wide transmission reliability preservation procedures need to be implemented
 - When a reliability problem occurs that requires the initiation/coordination of Operating Procedures or the development of new or temporary procedures.
 - When interconnection frequency is exceeding interconnection frequency limits
 - For prioritization of transmission outages
 - For prioritization of IT outages

The standard shall address appropriate actions when RAs cannot agree upon a solution for an impending or actual problem.

¹ The conditions referenced are those that, if left unattended, could cause instability, uncontrolled separation or cascading outages that adversely impact the reliability of the interconnected bulk transmission system.

Reliability Functions

The Standard will Apply to the Following Functions <i>(Put an 'X' in front of each one that applies)</i>		
X	Reliability Authority	Ensures the reliability of the bulk transmission system within its Security Authority Area. This is the highest reliability authority.
	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
	Interchange Authority	Authorizes valid and balanced Interchange Schedules
	Planning Authority	Plans the bulk electric system
	Transmission Service Provider	Provides transmission services to qualified market participants under applicable transmission service agreements
	Transmission Owner	Owns transmission facilities
	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
	Distribution Provider	Provides and operates the “wires” between the transmission system and the customer
	Generator	Owns and operates generation unit(s) or runs a market for generation products that performs the functions of supplying energy and Interconnected Operations Services
	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity and all necessary Interconnected Operations Services as required.
	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user

Reliability and Market Interface Principles

Applicable Reliability Principles (<i>Put an 'x' in front of all that apply</i>)	
X	1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.
X	2. The frequency of interconnected bulk electric systems shall be controlled within defined limits through the balancing of electric supply and demand
X	3. Information necessary for planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably
X	4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained and implemented
X	5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk electric systems
X	6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified and have the responsibility and authority to implement actions
X	7. The security of the interconnected bulk electric systems shall be assessed, monitored and maintained on a wide area basis
Does the proposed Standard comply with all of the following Market Interface Principles?	
<i>(Enter 'yes' or 'no')</i>	
	Yes
1.	Interconnected The planning and operation of bulk electric systems shall recognize that reliability is an essential requirement of a robust North American economy
2.	An Organization Standard shall not give any market participant an unfair competitive advantage
3.	An Organization Standard shall neither mandate nor prohibit any specific market structure
4.	An Organization Standard shall not preclude market solutions to achieving compliance with that Standard
5.	An Organization Standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards

Related SARs

SAR ID	Explanation
COOR_INTERCHNG_01_01	The “Coordinate Interchange” SAR addresses the coordination of data exchange associated with transactions and may have some requirements that interface with the “Coordinate Operations” SAR.
FACILITY_RATINGS_01_01	The “Determine Facility Ratings, Operating Limits, and Transfer Capabilities” SAR identifies how operating limits are established. The operating limits established within this proposed standard will interface with the performance standards within the “Coordinate Operations” SAR.
OPER_WITHN_LMITS_01_01	The “Monitor and Assess Short Term Reliability, Operate Within Limits” SAR identifies requirements for operating within limits in real time and may interface with some of the requirements for the “Coordinate Operations” SAR.
ABNML_&_EM_COND_01_01	The “Prepare for and Respond to Abnormal or Emergency Conditions” SAR identifies requirements for recognizing and responding to emergency conditions and may interface with some of the coordination requirements for the “Coordinate Operations” SAR.
BLACK_ISLD_COND_01_01	The “Prepare for and Respond to Blackout or Island Conditions” SAR identifies requirements for recognizing and responding to blackout or island conditions and may interface with some of the coordination requirements for the “Coordinate Operations” SAR.
BAL_RES_&_DEMND_01_03	The “Balance Resources and Demand” SAR identifies requirements for operating within a defined interconnection frequency limits and may interface with some of the requirements for the “Coordinate Operations” SAR.
DISTURBNCE_COND_01_01	The “Monitor and Analyze Disturbances, Events and Conditions” SAR identifies requirements for monitoring, reporting and analyzing disturbances, events, and conditions and some of the requirements may interface with some of the requirements for “Coordinate Operations” SAR.

Regional/Interconnection Differences

Region	Explanation
ECAR	
ERCOT	
FRCC	
MAAC	
MAIN	
MAPP	
NPCC	
SERC	
SPP	
WECC	

Implementation Plan (Preliminary)

Description
The following sections of Operating Policies should be retired when this standard is implemented: Policy 4. C (all elements) Policy 9: A (all elements) Policy 9.B.1 Policy 9.B.4 Policy 9.C.2 Appendix 9.D. B.1.5 Appendix 9.D.B.1.6 Appendix 9.D.B.1.7

SAR Drafting Team Assignments

<p>Chairman:</p> <ul style="list-style-type: none">– David McNeil, Entergy <p>Secretary:</p> <ul style="list-style-type: none">– Larry Kezele, NERC Staff <p>Requestor:</p> <ul style="list-style-type: none">– Jim Byrd (Roger Harszy, Midwest ISO (Substitute Requestor)) <p>Compliance Representative:</p> <ul style="list-style-type: none">– Stan Kopman, NPCC <p>Industry Representatives:</p> <ul style="list-style-type: none">– Daniel Boezio, AEP– Don Gold, BPA– Tony Jankowski, WE-Energies– Joseph Krupar, FMPA– Ross Owen, Oncor– Jerry Ray, Illinois Power– Gary Rudder, TVA– Greg Tilitson, CAISO

North American Energy Standards Board

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002-2003 ANNUAL PLAN - RETAIL ELECTRIC QUADRANT¹

Item Number & Description	Completion ²	Assignment
Retail Access Uniform Business Practices (UBP)³		
1 Billing & Payments <i>Develop practices for billing customers and remitting payments to parties providing services to the customer.</i> Status: Underway completion date being coordinated with RGQ.	3rd Qtr 2003	Customer Processes Subcommittee
2 Creditworthiness Standards <i>Develop practices for extending commercial credit by Distributors to Suppliers to cover financial risk.</i> Status: Underway completion date being coordinated with RGQ.	3rd Qtr 2003	Supplier-Utility Interface Subcommittee
3 Customer Enrollment & Switching <i>Develop practices for market participants to process customer switch requests, for maintaining current customer account information regarding a customer's Supplier, and for notifying affected parties.</i>	4th Qtr 2003	Customer Processes Subcommittee
4 Supplier Licensing <i>Develop practices for licensing Suppliers with state utility commissions.</i>	4th Qtr 2003	Supplier-Utility Interface Subcommittee

¹ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

² Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

³ A "Glossary" exists from the November 2000 UBPs document that should be maintained and updated as a common glossary for all items under this sub-heading as the sub-committees address the UBPs items in this section of the Plan.

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002-2003 ANNUAL PLAN - RETAIL ELECTRIC QUADRANT⁴

Item Number & Description	Completion	Assignment
Retail Access Uniform Business Practices (UBP) (continued)		
5 Retail Meter Data Validation, Editing & Estimating <i>Develop procedures for insuring the integrity and validity of retail customer metering data that is needed by utilities and suppliers for billing, load profiling, settlement, etc. Issues related to unbundled or competitive metering are not to be considered.</i>	2004	Supplier-Utility Interface Subcommittee
6 Customer Information <i>Develop practices for the release, collection, exchange & maintenance of customer information between Distributors and Suppliers.</i>	2004	Customer Processes Subcommittee
7 Load Profiling <i>Develop practices for using statistical methods to estimate interval consumption by customers who do not have interval meters.</i>	2004	Supplier-Utility Interface Subcommittee
8 Customer Inquiries <i>Develop procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notification of the other party.</i>	2004	Customer Processes Subcommittee
9 Market Participant Interactions <i>Develop supplier registration processes for Distributors and protocols for communications and interactions between Distributors and Suppliers.</i>	2004	Supplier-Utility Interface Subcommittee
10 Utility - Supplier Disputes <i>Develop dispute resolution procedures applicable to differences between Distributors and Suppliers.</i>	2004	Supplier-Utility Interface Subcommittee

⁴ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002-2003 ANNUAL PLAN - RETAIL ELECTRIC QUADRANT⁵

Item Number & Description	Completion	Assignment
Retail Access Uniform Business Practices (UBP) (continued)		
11 Settlement Process <i>Reconcile energy schedules and energy delivered by suppliers within a given market. Note: will need to be coordinated with the WEQ.</i>	2004	Supplier-Utility Interface Subcommittee
Data Exchange Protocols⁶		
12 Electronic Delivery Mechanisms <i>Develop electronic delivery mechanism guidelines including but not limited to: transactional data interchange, web sites, and bulletin boards.</i> Status: Underway completion date being coordinated with RGQ and WGQ.	3rd Qtr 2003	Technical Electronic Implementation
13 Technical Electronic Implementation Standards - Billing & Payments Status: Dependent on completion of Item 1.	4th Qtr 2003	Technical Electronic Implementation
14 Technical Electronic Implementation Standards - Customer Enrollment and Switching Status: Dependent on completion of Item 3.	2004	Technical Electronic Implementation
15 Technical Electronic Implementation Standards - Metering Status: Dependent on completion of Item 5.	2004	Technical Electronic Implementation
16 Technical Electronic Implementation Standards - Load Profiling Status: Dependent on completion of Item 7.	2004	Technical Electronic Implementation
17 Technical Electronic Implementation Standards - Customer Information Status: Dependent on completion of Item 6.	2004	Technical Electronic Implementation

⁵ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

⁶ Data exchange standards for Uniform Business Practices should be completed by the end of the quarter following the quarter in which the Executive Committee adopts the model business practices for that area of focus.

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2003 RGQ Annual Plan

Action Item, Description and Priority Category	Completion Quarter	Subcommittee Assignment
1 Inventory Existing Natural Gas Practices within States¹ Conduct inventory of existing natural gas practices in various states.		Retail Gas Business Practice Inventory Task Force
2 Examine Wholesale Gas Quadrant EDM Standards Review NAESB Wholesale Gas Quadrant's (formerly known as GISB) "Electronic Delivery Mechanisms" manual to determine whether the standards within should be modified and/or adopted for use in the Retail Gas Quadrant.	3rd Qtr 2003	Technical Electronic Implementation
3 Creditworthiness Develop practices for Distributors extending commercial credit to Suppliers to cover financial risk. Such development should be restricted to implementation of existing regulatory policy, new regulatory policy after it has been ordered and non-policy oriented aspects of Creditworthiness.	3rd Qtr 2003	Supplier-Utility Interface
4 Supplier Licensing Develop practices for licensing Suppliers with state utility commissions and for registering Suppliers with Distributors (e.g. application process and requirements).	4th Qtr 2003	Supplier-Utility Interface
5 Customer Enrollment, Switching & Dropping Develop practices for submitting and receiving, processing and fulfilling a customer's request to enroll with or leave a Supplier (including Suppliers dropping customers).	4th Qtr 2003	Customer Processes
6 Billing & Payment Develop practices for billing customers; remittance to parties providing services to customers under different billing options (e.g. dual or consolidated bills; rate-ready or bill-ready); and payment between Distributor and Supplier under different payment options (e.g. assumption of receivables, pay-as-you-get-paid).	3rd Qtr 2003	Customer Processes
7 Customer Information Develop practices for the release, collection, exchange and maintenance of customer information between Distributors and Suppliers, such as customer authorization, pre-enrollment information, customer lists, enrollment information and post-enrollment information. Develop procedures and protocols for communicating the nature & level of a customer's service as human needs, firm, interruptible, critical needs, and/or building protection for emergency services.	2004	Customer Processes

¹ This is an ongoing item designed to serve as a resource to other RGQ subcommittees.

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2003 RGQ Annual Plan

Action Item, Description and Priority Category	Completion Quarter	Subcommittee Assignment
8 Customer Inquiries Develop procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notifying the other party, such as inquiries involving switching and enrollment/disenrollment, billing, customer account changes, customer disputes and distribution emergencies.	2004	Customer Processes
9 Examine Wholesale Gas Quadrant Non-EDM Standards Review NAESB Wholesale Gas Quadrant's other manuals to determine whether the standards within should be modified and/or adopted for use in the Retail Gas Quadrant (i.e. review "Nominations," "Flowing Gas," "Invoicing," "Capacity Release," and "Contracts" manuals.).	4th Qtr 2003	Supplier-Utility Interface
10 Market Participant Interactions Develop model practices to support interactions between Distributors and Suppliers, such as governing documents that establish the legal relationship, roles and obligations, including performance standards, of both Distributor and Supplier (e.g. content and framework of governing documents or orders, Master Service Agreement, operational manuals, and so on).	2004	Supplier-Utility Interface
11 Retail Utility-Supplier Disputes Develop dispute resolution procedures to resolve differences between Distributors and Suppliers, which would be included in the governing documents.	2004	Supplier-Utility Interface



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Retail Gas Quadrant - Gas Practices Inventory Task Force Update

On February 3, 2003, the NAESB Retail Gas Quadrant ("RGQ") Executive Committee created the Gas Practices Inventory Task Force ("GPITF"). The Task Force is led by Ken Yagelski, Department Head of Regulatory Affairs for Washington Gas in Springfield, VA.

The Task Force was formed to compile and organize an inventory of existing and evolving practices to capture an accurate picture of the state of the retail natural gas market. The GPITF is not responsible for the creation of proposed standards or model business practices but instead provides assistance directly to the subcommittees charged with such development.

Initial efforts of the Task Force were in support of RGQ subcommittees developing standards for Electronic Data Delivery Mechanisms, Creditworthiness, and Billing and Payment. These issues are being addressed by the Technical Electronic Implementation Subcommittee, the Supplier - Utility Interface Subcommittee and the Customer Processes Subcommittee.

The Task Force developed a series of nine surveys that were distributed with the assistance of NAESB and the American Gas Association to natural gas distribution utilities and related service companies throughout the United States. Detailed responses were received by representatives of twenty-two unique entities. The information was compiled into a single matrix for ease of use and to facilitate cross-reference and comparisons between local regulatory jurisdictions.

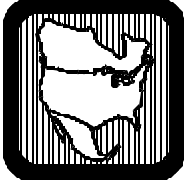
Surveyed issues included: Creditworthiness, Customer Information, Uniform Bill Format, Billing Agency Arrangements, Dispute Resolution Process for Customer, Supplier and Utility, Utility Billing, Supplier Billing and Dual Billing. Complete survey results are available on the NAESB web site within the Retail Gas section http://www.gisb.org/pdf/rgq_invtf041403results.pdf .

With the first inventory task completed, the GPITF is now focused on supporting other NAESB subcommittee efforts and has identified several additional retail natural gas market issues to investigate.



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

UPDATE ON RELATED GROUPS



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

NERC-NAESB-ISO/RTO Council Joint Interface Committee Meeting

June 2, 2003

EEI Offices -Washington, DC

1:00 pm to 5:00 pm Eastern

Draft Meeting Minutes

Attendance

NAESB Representatives

John Anderson
Syd Berwager
Steve Corneli
Michael Desselle
Barry Green (for Dave McMillan)
Dale Landgren
Charles Yeung
Ed Davis (phone) (alt)
Andy Dotterweich (alt)
Alan Johnson (alt)
Jim Templeton (alt)
Mary Ellen Paravalos – National Grid (alt)

NERC Representatives

Ricky Bittle
Mark Fidrych
Wally Johnson
Sam Jones
Ed Schwerdt (phone)
Ed Tymofichuk (phone) (for Ron Threlkeld)
Linda Campbell (phone) (alt)

IRC Representatives

Nick Brown
Karl Tammar
Dave Goulding
Bill Museler
Bruce Balmat
Kent Saathoff (phone)

Other

Tim Gallagher – Secretary
Joelle Ogg – Anti-trust Counsel
David Hoffman - Transcriber

Guests

Bill Boswell - Dominion
Al DiCaprio – PJM
David Cook - NERC
Don Benjamin - NERC
Leonard Haynes – Southern Company
Rae McQuade - NAESB
Carl Monroe (phone) - SPP
Bill Philips (phone) - MISO
Barry Lawson (phone) – NRECA
Mark Bennett - EPSA

1. All present and those attending via teleconference were introduced. Transcripts of JIC meetings will be kept and a transcriber attended this meeting.
2. The agenda was unanimously approved (Yeung motion to approve, Jones second). Joelle Ogg, of counsel with John & Hengerer, served as anti-trust counsel for this meeting and reviewed the anti-trust guidelines. A quorum was established for NAESB, NERC and ISO/RTO Council (IRC) members.
3. Michael Desselle presented an overview of the amended and expanded memorandum of understanding (MOU) between NAESB, NERC and the IRC. The agreement creates a forum for coordination of annual planning and also establishes a mechanism for the review of proposals for standards and their subsequent assignment to either NAESB or NERC for development.
4. Michael Desselle reviewed the role of the JIC and its voting procedures. Each contingent of the JIC receives an equal share of the vote, divided by the number of representatives present. Since a quorum was established for all three JIC contingents at this meeting, each received one-third of the vote.
5. The IRC representatives named Karl Tammar as their co-chair of the JIC. Mr. Tammar joins Michael Desselle and Ricky Bittle as co-chairs.

Mr. Tammar agreed to forward a list of IRC representatives to the JIC to Tim Gallagher.

6. Steve Corneli presented an overview of the activities of a small team (Mr. Corneli, Don Benjamin, Karl Tammar) assembled to coordinate NAESB-NERC-IRC activities. This team developed a draft proposal for achieving this coordination, but was not prepared to share the document during the meeting. The team plans to refine the draft proposal with the intent of presenting it to the MOU principals.

Highlights of the proposal:

- The goal of this effort is to reduce overlap and duplication among the three organizations.
- The MOU was used as a guide in the development of the current draft .
- The proposal is not limited to just JIC actions, as ‘informal’ coordination is also needed at levels below the JIC and with post-JIC activities.
- The team believes that successful coordination depends on:
 - People (w/o decision making authority) communicating activities of each organization – informally.
 - Creating informal issue-specific pools of resources to deal with issues (such as seams issues) as they arise. These resources would be involved as the standards travel through the NERC or NAESB process.
 - Using each organization’s process to help collectively develop needed reliability standards, business practices and policies. Teams working on

affiliated reliability standards and business practices should be available at the same meeting location to allow for overlap.

Discussion:

Although the JIC agreed that coordination between NAESB, NERC and the IRC is beneficial, several JIC members questioned the approach being considered. Informal communications can be beneficial, but can also slow progress. It was stated that it appears as though this draft proposal will create a parallel and unnecessary bureaucracy. Concern was also raised about keeping abreast of informal meetings and the requirements for openness in the NAESB and NERC processes.

Several JIC members stated that the JIC's role must include more than just allocating standards development to NAESB or NERC for true coordination to occur. There was support for placing conditions upon NERC and NAESB when allocating a given standard to their respective processes.

Co-chairs Bittle and Desselle stated that it is not appropriate for the JIC to condition its assignments of standards development. The ANSI accredited NAESB and NERC processes are designed to accommodate input from the industry. Any comments the JIC wishes to make should be submitted via these processes. The JIC can provide comments and guidance, but must stop short of dictating the manner in which standards will be developed. Several JIC members supported this position.

Michael Desselle thanked the coordination team for their status report and asked that they complete a formal proposal and circulate it for JIC review. Glenn Ross further suggested that the proposal identify and separate near-term critical issues from longer-term ones. Mr. Corneli agreed on behalf of the team.

7. Tim Gallagher reviewed the status of the proposed NERC cyber security standard. The standard completed balloting on May 21, 2003 and was approved by the required two-thirds weighted segment industry vote. However, because negative votes with comments were submitted to NERC, this standard is subject to a recirculation ballot. The recirculation will occur in late June, after the standard drafting team has had the opportunity to review and respond to the comments (over 100 sets) submitted during the ballot.
8. Ricky Bittle introduced a proposal to develop a NERC standard for coordinating electric system operations. The NERC Standards Authorization Committee (SAC) authorized this proposal for standards drafting in late May. Mr. Bittle introduced Al DiCaprio, who presented the proposal on behalf of the NERC drafting team.

This proposed standard requires NERC reliability authorities to coordinate their activities to preserve bulk electric system reliability. Specifically, the standard requires the development of reliability plans (next day security analysis, outages, system conditions, etc).

Mr. DiCaprio stated that the drafting team developed this proposal using the input of industry commenters, consistent with NERC's standards development process.

Motion (Sam Jones, Wally Johnson second): Assign development of the Coordinate Operations standard to the NERC process.

Discussion:

Concern was raised regarding possible market impacts and requirements for coordination of market data. Mr. DiCaprio explained that the standard would only apply to data necessary to preserve reliability.

Concern was expressed that this standard may potentially limit system operator flexibility or add delay in implementing operational actions. Should rules be clearly documented so operators know what action to take? Mr. DiCaprio stated that the drafting team discussed this very issue because limiting system operator actions is a serious problem. Based upon industry comments and drafting team discussion, it was concluded that documenting rules or procedures of this type was not acceptable. It is not possible to anticipate and develop procedures to fit every situation, nor is it desirable for system operators to consult NERC procedures in emergency situations. The compromise reached for the standard is that system operators be allowed to cooperate with each other in such situations, free of prescriptive rules.

Concern about the elimination of current NERC curtailment procedures ("TLR") contained in the operating policies was expressed. Mr. DiCaprio stated that industry consensus obtained during the development of this standard proposal was that TLR was not desirable. The standard will not require the use of a common curtailment procedure. This is a market issue, which NAESB may wish to consider.

Vote:

IRC – Unanimous approval of Mr. Jones' motion

NAESB – Unanimous approval of Mr. Jones' motion

NERC - Unanimous approval of Mr. Jones' motion

Motion carries

9. Ricky Bittle introduced a proposal to develop a NERC standard for coordinating interchange. The NERC Standards Authorization Committee (SAC) authorized this proposal for standards drafting in late May. Mr. Bittle introduced Al DiCaprio, who presented the proposal on behalf of the NERC drafting team.

This proposed standard requires that schedules used in the area control error (ACE) equation be verified to preserve bulk electric system reliability. Specifically, the

standard requires the following data: transaction magnitude, duration, ramp start time and ramp end time. NERC reliability authorities must use this data to analyze transmission system impacts, balancing authorities must analyze the impacts upon the load and resource balance, transmission service providers must use the data to determine if transmission capacity exists for the transaction, and purchasing/selling entities must use the information to arrange and verify the transaction. Reliability authorities would be responsible for performing a final crosscheck.

Mr. DiCaprio stated that the drafting team developed this proposal using the input of industry commenters, consistent with NERC's standards development process.

Motion: (Charles Yeung, Steve Corneli second): Assign the Coordinate Interchange SAR to NERC for standards development. Further, the JIC recommends that NAESB develop a standards request for consideration of complementary business standards to the Coordinate Interchange SAR.

Discussion:

Concern was expressed regarding the market impacts of this proposed standard. This standard may infringe upon commercial protocols, delay transaction approval, and require a standard market. It is also silent on the format and timing of the data submittals. Mr. DiCaprio explained that industry consensus exists to support the data required in the proposed standard as absolutely necessary for reliability. The standard does not require a single market, nor does it advocate a market type. It does require that transactions across certain boundaries be identified and verified. The data format and timing is at the discretion of the market participant, in concert with the balancing authority, reliability authority, transmission service provider and purchasing/selling entity. If the PSE wishes to implement a schedule immediately and the RA, BA and TSP can all perform the analysis they need to in time, then the standard would allow the transaction to be implemented.

Concern about the elimination of current NERC transaction information procedures contained in the operating policies was expressed. Specifically, varying requirements may lead to delays in implementing some transactions. Mr. DiCaprio stated that industry consensus obtained during the development of this standard proposal was that the current operating policy requirements are not desirable. The standard will not require common submission requirements in terms of timing and format of transactions. This is a market issue, which NAESB may wish to consider.

Vote:

IRC – Unanimous approval of Mr. Yeung's motion

NAESB – 6-1 approval of Mr. Yeung's motion (Syd Berwager opposed)

NERC - Unanimous approval of Mr. Yeung's motion

Motion carries

Co-Chairs Bittle and Desselle thanked Al DiCaprio for presented the two proposals. Mr. Desselle added that Mr. DiCaprio and the industry commenters have identified business practices that NAESB should consider developing.

10. The discussion of the two proposals for NERC standards initiated a discussion of the development of business practices to complement NERC reliability standards. The JIC agreed that there are pieces of NERC's operating policies dealing with business practices that should be reviewed and improved by NAESB before the operating policies are retired.

Motion: (Charles Yeung, John Anderson second): For the Coordinate Operations SAR assigned to NERC, the JIC recommends that NAESB develop a standards request for consideration of complementary business standards to the Coordinate Operations SAR.

Discussion:

Several JIC members questioned the value of this motion. A case could be made for similar amendments for every standard the JIC reviews. Others stated that NAESB already has subcommittees devoted to reviewing existing NERC operating policies.

Other JIC members felt that the MOU opens the door for the JIC to take such actions via the coordination of annual plans. For this reason, the motion is appropriate and will help garner support within NAESB to devote effort on this issue.

Vote:

IRC – Unanimous approval of Mr. Yeung's motion

NAESB – Unanimous approval of Mr. Yeung's motion

NERC – 4-2 approval of Mr. Yeung's motion (Johnson and Schwerdt opposed)

Motion carries

11. The next JIC meeting will be held as a conference call during the summer (exact timing dependent upon the status of NERC's certification SARs). The call will not be held before 10:30 EDT, in deference to west coast JIC members.

The next face-to-face JIC meeting will be held on September 19, from 8-noon, in Austin, Texas. Mr. Jones will see if the ERCOT ISO can host the meeting.

Transition Document

Purpose

The intent of this document is twofold: 1) provide an overview of the steps necessary to advance the current work of the Electronic Scheduling Collaborative (ESC) and OASIS Standards Collaborative (OSC), and 2) provide the industry with the open issues on transferring the completed work and responsibilities of the ESC and OSC to the appropriate industry organizations.

Background

The ESC and OSC represent a collaboration of stakeholders in the wholesale electric industry. Membership comprises Merchant Generators, Marketers, Load Serving Entities, Transmission Dependent Utilities, Transmission Providers, Independent System Operators, Regional Transmission Organizations, Regional Reliability Organizations, and End-Use Customers.

The ESC maps its inception back to the NERC “What” group that was formed in 1994 to frame the functional requirements for OASIS as envisioned in Orders 888 and 889. Over the past two years, the ESC has worked to define the evolving needs of OASIS II and electronic scheduling. This effort focused on the development of functional requirements, which embrace the concepts contained in existing and currently proposed market designs.

The OSC began as the EPRI “How” group that was formed in 1995 to develop Standards and Communications Protocols for FERC necessary to achieve the implementation of OASIS as envisioned in Order 889. The current OSC was formed by merging the original EPRI “How” Working Group and the NERC Transaction Information Systems Working Group (TISWG). This merger was the direct result of the Commission’s OASIS II ANOPR and the industry’s need for a more flexible transaction information exchange. The OSC members have combined their OASIS and TISWG expertise to develop standards for a new tagging system, and continue to refine and develop functional requirements for OASIS as envisioned in Orders 888 and 889.

Objectives

The ESC and OSC’s focus has been to develop a common market interface that will allow participants to enter market transactions once and disseminate that data to multiple market systems. The goal is to eliminate duplication while providing a single source of dynamic communication that provides the status of transactions. OASIS II would promote and facilitate the concept of ‘one-stop shopping’ across multiple markets.

The objective for OASIS II is to provide a common market interface and an open and integrated scheduling tool that will support both the physical and financial based SMD markets and:

- Allow market participants to enter and modify their inter-control area and intra-control area transactions at a single point,
- Support both the physical and financial market structures,
- Provide dynamic notification of transaction status in the various markets at a single point,
- Reduce training effort and system development costs for market participants,
- Enhance information availability on system reliability by creating redundant sites for information,
- Enable market participants and operators to maintain the highest level of customer security, and
- Provide for a flexible structure to accommodate evolving market rules.

Deliverables

The ESC and OSC will deliver in the third quarter of 2003:

OASIS II Use Case Specification

This document will describe the functionality needed in OASIS II to implement standard market designs and the NERC Functional Model. The deliverable includes detailed diagrams and descriptions of business logic and process flow. The use cases will serve as a benchmark to identify business practices that may need standardization.

OASIS II System Requirements

This document will address the global factors needed for OASIS II such as usability, architecture, interfaces, reliability, performance, etc. These deliverables could be used as the basis for associated business rules and technical specifications for OASIS II.

During the transition period the ESC and OSC will continue to support:

OASIS 1A

The OSC will document modifications and fixes required by the current OASIS 1A standards and will recommend changes to the OASIS Standards and Communications Protocols document to facilitate those changes.

E-Tagging

The OSC will develop fixes and enhancements, recommended by the industry, to the current E-Tag specification and support the industry-wide implementation of those fixes and enhancements.

Going Forward

The following statement appears in the NAESB, NERC and RTO/ISO Council's Memorandum of Understanding (MOU):

"Whereas, the Parties agree that all the current activities of the ESC and OSC should be included in one or several of the Parties' organizations and thus brought into the single standard setting coordination process as defined in this Memorandum of Understanding;"

Based on the language in the MOU and the expected completion dates of their current work, the ESC and OSC believe other industry organizations should be responsible for continuing the effort of developing OASIS II. This change is required to ensure compliance with the MOU and to expedite the completion of remaining work. The ESC and OSC believe it is important that the industry maintain momentum at this critical juncture.

The transition presents several challenges to the industry:

- Ensure broad stakeholder involvement,
- Eliminate duplicative efforts and maintain coordination with other industry efforts,
- Expedite efforts to keep pace with the industry needs, and
- Respond to new FERC initiatives and orders.

ESC and OSC Draft Transition

To continue the development and implementation of OASIS II, which includes an electronic scheduling platform that will accommodate physical and financial markets, the ESC and OSC believe the following tasks must be addressed by the various industry organizations:

- Identify potential areas for Business Practice Standards, using the ESC and OSC deliverables.
- Remand the list of potential Business Practice Standards to the appropriate industry organizations.
- Develop an approved set of Business Practice Standards for filing with FERC.
- Identify the “owner” of the OASIS II Standards and Communications Protocols that will be responsible for the development of an implementation plan necessary for the roll out of the new applications (user registration, schema, implementation timeline, industry-wide training, cutover, etc.).
- Develop an approved set of OASIS II Technical Standards (i.e., the OASIS Standards and Communications Protocols) based upon the Business Practice Standards for filing with FERC.

Summary

The ESC and OSC have concluded there are several legitimate options to best address the additional work requirements outlined above after the current deliverables are complete. The membership of both the ESC and OSC:

1. Support a collaborative effort by NAESB, NERC and the RTO/ISO Council to adopt the work of the ESC and OSC and assign it to the appropriate industry organizations,
2. Will be available to the NERC-NAESB Joint Interface Committee (JIC) or other designees of the MOU signatories to discuss transitions options,
3. Urge the parties to expedite the development of OASIS II to:
 - Maintain momentum and continuity, and
 - Ensure a smooth transition of responsibilities.

John M. Simonelli

John M. Simonelli
Chairman, ESC

Monroe J. Landrum

Monroe J. Landrum
Chairman, OSC

Associated Documents

The documents listed below are associated with the Transition Document and may be found at the ESC website: <https://www.nerc.net/esc/RelatedFiles.asp>

- Letter – Status of ESC and OSC Activities, dated 5/13/03
- ESC Work Plan – March 2003, dated 3/12/03

The current versions of the ESC and OSC deliverables are located at:

<https://www.nerc.net/esc/Deliverables.asp>



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

MANAGING COMMITTEE REPORT



NORTH AMERICAN ENERGY STANDARDS BOARD

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May 27, 2003
Distributed via email

TO: NAESB Wholesale Gas Quadrant Executive Committee
FROM: NAESB Managing Committee
RE: Wholesale Gas Quadrant Proposed Creditworthiness Standards

Dear NAESB Wholesale Gas Quadrant Executive Committee:

The Managing Committee has been following with interest the activities of the WGQ in developing creditworthiness standards as a part of the 2003 NAESB Annual Plan approved by the Board last year. This activity has been of particular interest to the Board, because it was added at the specific request of the FERC. As you also know, the FERC set a deadline of June 1, 2003 for a report to it from NAESB concerning our progress and actions. At the request of the Managing Committee, the FERC has granted NAESB an extension to June 15, 2003; however, no further extensions will be granted.

We are aware that a great deal of work went into developing the proposed standards considered and not yet adopted by the WGQ EC as of its last meeting. We are also aware that several WGQ members had specific concerns regarding some of the proposed standards, and we are likewise aware that some WGQ members would prefer that the development of creditworthiness standards never have taken place in the first instance. Indeed, as to this last point, the Board previously made clear that Annual Plan items approved by the Board are obligations not options. That Board decision has not changed.

The decision as to the wording of standards is up to the EC, and the Board does not have the desire or the expertise to interfere in that process. We are likewise aware that this is not an easy issue and that there have been many discussions and negotiations among all of the parties within the WGQ to reach the current point at which you find yourselves. However, especially in the case of requests for standards emanating from the FERC, the Board is obliged to assure that the EC meets the goals set forth in the Annual Plan. In practice that means that the EC must either 1) adopt standards consistent with the Annual Plan, in a consensus-driven fashion, or 2) if consensus cannot be reached because FERC has not given enough policy guidance, to specifically identify the area(s) where further guidance is required.

The WGQ's recent initial decision to transmit the record of its creditworthiness proceedings to the FERC accomplishes neither of these objectives for the simple reason that all of these matters are transmitted to FERC as a matter of course. If the FERC needs to do something in order to permit NAESB to reach consensus, it is necessary that the WGQ identify what that something is, as clearly as possible. In the past, when GISB reached an impasse, the FERC was very willing to make policy calls that helped us to move forward. Our conversations with them in recent weeks have made it clear to us that they are willing to do so in this case as well.

Doing the things we can do, and asking for further guidance from the FERC in specific areas that are perceived as incompletely resolved is what NAESB should pursue. The Managing Committee, on behalf of the Board, requests that you act accordingly at your June 5 meeting. Specifically, we ask that you adopt such standards as you can adopt, individually or as a package, and that you do so now. With respect to such standards as you cannot adopt due to lack of a clear policy decision on the part of the FERC, we ask that you specifically tell us what the issues are so that we can determine how best to communicate them to the FERC. The communication with the FERC is a board function. In other words, where you cannot adopt a standard, please simply identify the relevant issues to us as clearly as possible.

NAESB works precisely because we follow our Annual Plan and provide consensus-driven solutions to problems. FERC respects what we do and is willing to defer to us to do it. That is a good thing for the industry, but we will only be permitted to continue to do it if we are seen as making progress. Declining



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Page 2 of 2
May 27, 2003

to do things, especially without identifying the reasons for the declination, does not advance the purposes of this organization, nor does it assist the FERC.

We will have maximum credibility now and in the future if we follow the path we've followed since GISB was created and do what we can do as a body, consistent with our bylaws and operating practices. The Managing Committee is confident that you will accomplish this portion of the Annual Plan, and we will do our part to support that action.

Best Regards,

Leonard Haynes,
Chairman, NAESB Board of Directors

William Boswell,
Founding Chairman and current Vice Chairman,
NAESB Board of Directors

Michael Desselle,
Vice Chairman, NAESB Board of Directors

James Templeton,
Former Chairman and current member of NAESB
Board of Directors

Mark Maassel,
Vice Chairman, NAESB Board of Directors

cc: Rae McQuade, NAESB Executive Director



**NORTH AMERICAN ENERGY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
JUNE 26, 2003**

OLD AND NEW BUSINESS



North American Energy Standards Board

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OLD AND NEW BUSINESS

FERC, DOE AND INDUSTRY ORGANIZATION MEETINGS

MAY 29 - MAY 30, 2003

Department of Energy

Christopher Freitas, Program Manager, Office of Natural Gas & Petroleum, Fossil Energy

Bill Parks, Deputy Director Office for Transmission and Distribution

The Honorable Carl Michael Smith, Assistant Secretary for Fossil Energy

American Public Power Association

Alan Richardson, President & CEO

Allan Mosher, Director of Policy Analysis

Deborah Penn, Vice President Information Services

Federal Energy Regulatory Commission

The Honorable Patrick Wood, Chairman

James Pederson, Advisor to Commissioner Nora Brownell

The Honorable William Massey, Commissioner

National Association of Regulatory and Utility Commissioners

Chuck Gray, Executive Director

National Rural Electric Cooperative Association

David Mohre, Executive Director, Energy and Environmental

Barry Lawson, Manager, Power Delivery

Interstate Natural Gas Association of America

Joan Dreskin, General Counsel

American Gas Association

Roger Cooper, Executive Vice President, Policy and Planning

Jane Lewis, Senior Managing Counsel and Director

Mariam Arnaout, Manager, Gas Transportation Programs

Edison Electric Institute

David Owens, Executive Vice President

David Dworzak, Manager, Transmission Policy