



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

**Gas Industry Standards Board
Board of Directors Meeting
September 19, 2001**



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**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

1. WELCOME AND OPENING REMARKS

- The meeting specifics are:

WHERE: Hyatt Regency Hotel
1200 Louisiana Street
Houston, Texas
Phone: 713-654-1234

WHEN: Wednesday, September 19, 2001
1:00 p.m. to 4:00 p.m. Central

The hotel is located in the downtown area of Houston. Coffee service will be available during the meeting. Please feel free to call (713-356-0060) if you have any questions or comments, or additions to the agenda. The materials are posted on the GISB Home Page in the "Board of Directors" area for attendees to download. The meeting will be transcribed.

- For further assistance please reach:
Veronica Thomason at (713) 356 - 0060

- The officers presiding over the Executive Committee meeting are:
Bill Boswell - Chairman
Julie Gomez - First Vice Chairman
Rae McQuade - Second Vice Chairman & Treasurer
Rae McQuade - Executive Director & Secretary

- The legal representation for GISB is provided by:
Jay Costan - GISB General Counsel



Gas Industry Standards Board

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GAS INDUSTRY STANDARDS BOARD 2001 BOARD TERMS

End User Segment		Term End:
Lee Smith	Vice President Energy Supply and Marketing, Midland Cogeneration Venture	Dec 31, 2001
Paul Karns	Director, Contracts & Regulatory, Energy Marketing and Trading Division, Florida Power and Light	Dec 31, 2001
Vacancy		Dec 31, 2001
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	Dec 31, 2002
Jim Templeton	Principal, Comprehensive Energy Services	Dec 31, 2002
LDC Segment		Term End:
Bill Boswell	Assistant Secretary, Dominion	Dec 31, 2001
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisitions, Washington Gas Light Company	Dec 31, 2001
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	Dec 31, 2001
Walt DeForest	Senior Vice President, National Fuel Gas Distribution	Dec 31, 2002
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co	Dec 31, 2002
Pipeline Segment		Term End:
Terry McGill	President, Columbia Gulf Transmission	Dec 31, 2001
John Somerhalder	President, El Paso Energy Pipeline Group	Dec 31, 2001
Stan Horton	Chairman & CEO, Enron Transportation Services Company	Dec 31, 2001
Ron Mucci	Senior Vice President Shared Services, Williams Gas Pipeline	Dec 31, 2002
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	Dec 31, 2002
Producer Segment		Term End:
William T. Benham	Vice President, Regulatory Affairs, BP Amoco Natural Gas Group	Dec 31, 2001
Allan Knopp	Director, Regulatory Affairs, Conoco	Dec 31, 2001
Nancy Laird	Senior Vice President, Marketing and Midstream, PanCanadian Petroleum Ltd.	Dec 31, 2001
Abigail Bailey	Regulatory Manager, Texaco Natural Gas	Dec 31, 2002
Stan Hemmeline	Manager, North America - West, ExxonMobil Gas Marketing Company	Dec 31, 2002
Services Segment		Term End:
Julie Gomez	Vice President, Enron North America	Dec 31, 2001
Greg Lander	Principal, CapacityCenter.com	Dec 31, 2001
Rick Lentz	Senior Vice President of Business Transformation, TXU Energy Trading	Dec 31, 2002
Lyn Maddox	President & CEO, PG&E Energy Trading	Dec 31, 2002
Marty Patterson	Senior Vice President, IDACORP Energy	Dec 31, 2002

Bill Boswell is 2001 chairman of the Board of Directors, the first vice-chair position is open, and Julie Gomez is second vice-chair and treasurer. Rae McQuade as Executive Director serves as secretary.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

1. ANTITRUST GUIDELINES

- GISB General Counsel Jay Costan will review the antitrust guidelines. The points are:

Antitrust guidelines direct meeting participants to avoid discussion of topics or behavior that would result in anti-competitive 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.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

1. ADOPTION OF AGENDA

- The proposed agenda, attached, has been distributed and is available on GISB's home page.
- The members of the Board of Directors are requested to review the agenda, suggest changes if needed, and vote to adopt the agenda.



Gas Industry Standards Board

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Home Page: www.gisb.org

TO: GISB Board of Directors
FROM: Rae McQuade, Executive Director
RE: Draft Agenda for Board Meeting – September 19, 2001
DATE: August 20, 2001

Our third Board meeting in 2001 will be held on September 19 from 1:00 p.m. to 4:00 p.m. The meeting will be in the downtown area of Houston, at the Hyatt Regency, in conjunction with our annual meeting, which begins on September 20. The meeting specifics are below, and draft agenda follows.

WHERE: Hyatt Regency Hotel
1200 Louisiana Street
Houston, Texas
Phone: 713-654-1234

WHEN: Wednesday, September 19, 2001
1:00 p.m. to 4:00 p.m. Central

The hotel is located in the downtown area of Houston and is a 30-minute cab ride from either the George Bush Airport or the Hobby airport. Coffee service will be available during the meeting. Board members and presenters are also invited to a lunch with a buffet service to begin at 11:30 a.m. located also in the Hyatt Regency.

A printed copy of the materials for the meeting will be provided shortly to the directors, the Executive Committee officers and the presenters. The materials will be posted on the GISB Home Page in the "Board of Directors" area for attendees to download. This meeting, as with all GISB meetings, is open for attendance by any interested party.

Please feel free to call the GISB office should you have any questions or comments. We look forward to seeing you at the Board meeting.



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GAS INDUSTRY STANDARDS BOARD OF DIRECTORS MEETING

Hyatt Regency Hotel, 1200 Louisiana, Houston, Texas

Wednesday September 19, 2001 -- 1:00 p.m. to 4:00 p.m. Central

DRAFT AGENDA

- 1:00 p.m.
1. Welcome & Administrative Items
 - Antitrust Guidelines
 - Agenda Adoption
 2. Adoption of Minutes from June 7, 2001
 3. Review and Vote on Sunset Provision
 4. Retail Gas & Electric and Wholesale Electric Standards Development Consideration.
 - Industry Discussions
 - Meetings With FERC, NARUC and DOE Representatives
 - DOE Meeting Held on August 14 & 15
 - Review of Strawman 2.1
 - Review of Transition Memorandum
 - Other discussions
 - Consideration and Vote on the Resolutions
 5. Annual Plan
 - 2001 Plan Update
 6. Finance Reports
 - Current Year Financials
 7. 2001 Membership Report
 8. Other Business
- 4:00 p.m.
9. Adjourn



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

2. ADOPTION OF MINUTES

- The minutes of June 7, 2001 are posted on the home page for review and are included in these materials for vote to adopt.
- The members of the Board of Directors are requested to review the draft minutes, suggest additional changes if needed, and vote to adopt as minutes of the meeting.



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

FROM: Rae McQuade, Executive Director

RE: Draft Minutes from the GISB Board of Directors Meeting – June 7, 2001

DATE: June 7, 2001

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

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

DRAFT MINUTES

1. Opening Remarks

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

2. Adoption of Minutes

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

3. Retail Marketing Report

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

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

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



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

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

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

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

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

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



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

4. Advisory Committee

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

5. Annual Plan

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

6. Financial Reports

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

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



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7. Membership

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

8. Other Business and Adjournment

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

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

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

The meeting adjourned at 3:00 p.m.

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

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



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8. Attendance

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



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Presenters: Jim Buccigross Group 8760, Chairman 2001 Executive Committee
Leigh Spangler Latitude Technologies, Co-Chairman EDM
Subcommittee

Administrative: Rae McQuade Executive Director
Jo Ann Garcia GISB Staff
Caron Horton GISB Staff
Veronica Thomason GISB Staff
Jay Costan McGuire Woods Battle & Boothe, General Counsel
Laurie Paulson Hoffman Paulson Associates

Observer	Company Represented	GISB Member
Miriam Arnaut	American Gas Association	
Kim Van Pelt	CMS Panhandle Eastern Pipe Line	✓
Michael Hansen	Columbia Gulf Transmission	✓
Cynthia Corcoran	Corcoran Law Offices - BTUWatch.com	✓
Mark Scheel	Dynegy Inc.	✓
Theresa Hess	Enron Transportation Services	✓
Leigh Spangler	Latitude Technologies	✓
Charlie Bass	Tennessee Gas Pipeline	□
Dale Davis	Williams Gas Pipeline	✓



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

3. SUNSET PROVISION RESOLUTION

- The Board will discuss the sunset provision of the GISB Certificate of Incorporation. The Board will be asked to take action on the provided resolution, which will require changes to our governance documents and would require a super-majority "19/2"¹ vote.
- If Board members are unable to attend, a ballot is attached in tab 8 so that they can vote notationally.

1. A "19/2" vote is required for any action the Board takes that changes the certificate or the bylaws. For an action to pass, at least 19 out of a possible 25 votes are required to be affirmative, and at least two affirmative votes are required from each segment.

GAS INDUSTRY STANDARDS BOARD

Resolutions Regarding Continuation of Gas Industry Standards Board Through December 31, 2004

WHEREAS, Article 1, Section 2 of the Certificate of Incorporation of the Gas Industry Standards Board (“GISB”) provides in pertinent part that:

[N]o later than December 31, 2001, GISB’s Board of Directors shall submit to the members a resolution whether GISB shall continue. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to continue GISB.

WHEREAS, the Board of Directors desires to continue GISB and to provide that the next vote on its continuation shall be no later than December 31, 2004;

NOW, THEREFORE BE IT:

1. **RESOLVED**, that GISB shall continue subject to a further vote on its continuation no later than December 31, 2004.

2. **FURTHER RESOLVED**, that the Board of Directors of GISB directs its General Counsel to prepare and file with the Secretary of State of Delaware an amendment to Article I, Section 2 of the Certificate of Incorporation to conform the Certificate to the substance of Resolution No. 1 above, once the Board of Directors and the membership of GISB vote affirmatively in favor of said Resolution, as required by Article V, Section 3 of the Certificate.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

4. ENERGY INDUSTRY STANDARDS BOARD

- In this section, you will find four sets of documents to support discussions and votes on the Energy Industry Standards Board. The documents are:
 - Summary of Industry Meetings - A brief summary of the industry meetings held where the EISB framework was discussed are included and will be reviewed during the meeting. The letters provided by the three FERC Commissioners and the statement of Assistant Secretary Kripowicz are attached.
 - Strawman 2.1 - a redlined version of the strawman is included. The redlines show changes resulting from comments offered by the American Gas Association and the Uniform Business Practices - Retail Standards Board, and from further reviews by the Board Task force. Notes are provided which explain the redlined changes.
 - Transition Memorandum - As requested at the June 2001 Board meeting, a transition memorandum was prepared by Mr. Costan and will be reviewed in the meeting. Several alternatives are offered for the possible transition from GISB to EISB, as well as a recommendation on how to proceed and a possible timeline.
 - Resolutions - resolutions which include endorsement of strawman 2.1, modifications to the Certificate to support strawman 2.1 with the language changes to the Certificate provided, and direction to the General Counsel to draft By-Laws changes for Board consideration in December are included for vote. Because the resolutions involve governance changes, they require a "19/2" Board vote for approval.



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TO: GISB Board of Directors
FROM: Rae McQuade, Executive Director
RE: Summary of Industry Meetings regarding the creation of an Energy Industry Standards Board
DATE: September 4, 2001

As you can see from the summaries of the meetings below, the industry is reaching a critical mass for the determination of whether there will be an EISB. The meetings are in chronological order, ending with a meeting that should provide further information on the current efforts of RTO formation and how that might work with an EISB standards organization.

FERC The Technical Conference on Interregional Seams Issues, Docket No. PL01-005 was held on June 19. Four of the five commissioners raised GISB and its current consideration of EISB and challenged several of the panels to discuss why it would or would not work. Several comments, notably Reliant's, Dynegy's, PJM Interconnection, the Member Systems, and several state commissions' remarks filed by Commissioner Nelson of Michigan were in strong support of an EISB. The NY ISO was not supportive.

NERC On June 21, a conference call was held with NERC representatives where it was noted that RTOs and ISOs should be made aware of the EISB discussions and the FERC should make public remarks of support. The upcoming DOE meeting was discussed.

Euro. Comm. At the Madrid European Regulatory Gas Forum held on July 2 and 3 as a part of the European Union Directive, GISB was discussed and the determination was made to form a European version of GISB to support market based standardization activities for the active gas markets in the 15 countries composing the European Union.

NARUC At the summer NARUC meeting in Seattle on July 15 through 18, Bruce Ellsworth, as chair of our advisory committee, put forth a draft resolution which was not opposed by AGA, EEI or NERC regarding support for the consideration of an EISB. Commissioners Svanda (Michigan) and Brockway (New Hampshire) opposed voting on the resolution at that time until they had more time to consider it and the strawman. The resolution was tabled for consideration at a future meeting of the electricity committee of NARUC - which is chaired by Commissioner Smith of Idaho.

Elcon/EPSA A meeting was held on September 9 with Elcon and EPSA and EPSA's offices to discuss the upcoming DOE meeting. They were very supportive of the activities to date and of the principles of Strawman 2. They stressed that reliability issues could not be separated from market based issues and whichever organization was created should develop both types of standards.

FERC A meeting was held with Chairman Wood and Commissioner Brownell regarding the upcoming DOE meetings on August 14. Both were strongly supportive of the creation of an energy standards board, and urged GISB to move expeditiously to form such an organization.

DOE An industry wide meeting was held on August 14 and 15 in Washington D.C. at the DOE facilities. The meeting opened with remarks from Acting Assistant Secretary Kripowicz, which strongly supported the creation of an energy industry standards board based on the GISB model. His remarks were followed by a presentation of the strawman by Mr. Boswell and Mr. Buccigross.



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Mark Maassel for American Gas Association (AGA), Charlie Driggs for Uniform Business Practices -- Retail Standards Board (UBP), Charles Foster for Edison Electric Institute (EEI) and Craig Goodman for National Energy Marketers Association (NEM) spoke for the retail quadrants issues. Mr. Maassel supported the strawman for an EISB with modifications provided by AGA. Mr. Driggs noted that UBP was still considering whether to support such an organization, and in the meanwhile, they were working to set up an independent organization should the EISB organization not come to pass. Mr. Foster listed all of the various standardization efforts currently underway and noted that whatever direction industry took, care should be taken that work underway in other venues was not repeated nor lost, and efficiency and effectiveness should be the determinants in the industry decisions. Mr. Goodman wrapped up the remarks with strong statements that standards were needed prior to the restructuring efforts and that the industry should move expeditiously to set up an organization to set standards that were not in existence today. He quoted statistics that demonstrated the frustration and cost of having few or no standards in the retail market: 4450 EDI transactions were developed to do business with 20 utilities for 4 functions, with the utilities operating in 4 states.

Rick Lentz made opening remarks on the second day, explaining how much of the standardization efforts began in the mid-1980's with the advent of FERC Order 436 and the COPAS/INGAA/AGA efforts. As each effort proceeded, the participation broadened to include more industry segments - ultimately resulting in the creation of GISB.

Dave Dworzak for EEI, Charles Yeung for Electric Power Supply Association (EPSA), John Anderson with Electricity Consumers Resource Council (Elcon), Dave Nevius with North American Electric Reliability Council (NERC) and Chris Bernard for NEM spoke on the wholesale electric quadrant issues. Mr. Dworzak also noted the various efforts underway on standardization and noted that work should not be repeated. He asked how the work of an EISB would be coordinated with the needs of regional markets. Mr. Bernard stressed that the market needs can outrun consensus processes if they are too slow - he urged whichever group developed standards to not let the consensus process be the enemy of results. He further noted that many reliability issues are noted as such to delay progress, a code word for "I'm not doing it." He finished his remarks with a clear support for EISB. Mr. Nevius explained activities that were currently underway at NERC and proposed several alternatives for how wholesale electric standards could be developed. He described the proposed legislation, which would create a North American Electric Reliability Organization (NAERO) to set and monitor compliance with mandatory electric reliability standards. Mr. Anderson spoke of the need for one organization to do standards and the inability of the industry to separate reliability issues from market-based issues. Moreover, he explained that market based issues in many cases drive the reliability issues. While Elcon is not wedded to any single organization, the principles of EISB are appealing. He noted that it is up to NERC to change. Mr. Yeung, representing EPSA, supported the remarks made by Mr. Anderson.

As a backdrop for these remarks, there were three letters from Commissioners Brownell, Massey and Wood endorsing the concept of EISB and asking GISB and the industry to move forward on it expeditiously. In questions from the audience, concerns were raised on how the segments for the electric wholesale quadrant would be defined, on how NERC development of mandatory reliability



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standards could coexist with an EISB development of voluntary market based standards, and on how the process for moving forward on the electric wholesale front would represent all segments balanced equally.

- Mirant A meeting was held with Mirant representatives at their offices in Atlanta on August 31. They asked several questions regarding GISB's role in the creation of an energy industry standards board and asked clarifying questions regarding the strawman model. They were generally supportive of the creation of such an organization based on Strawman 2.0 and are considering sending a letter of intent to the GISB office.
- UBP - RSB The voting from the Uniform Business Practices - Retail Standard Board group (the successor to the Coalition for Uniform Business Rules organization) on the suggested modifications to the strawman 2.0 concluded on August 31 and there was unanimous support for the changes offered to the strawman. This group will next meet on September 25 and 26 in St. Louis, where Ms. McQuade has been invited to update the group on GISB's activities.
- PJM A meeting is scheduled with PJM Interconnection at Mr. Glazer's request on September 10 in their facilities at Valley Forge, Pennsylvania. A report on this meeting will be given at the Board Meeting on September 19.

Opening Comments of Robert S. Kripowicz
Energy Standards Board Meeting
August 14, 2001
DOE Auditorium

Good afternoon and welcome to the Department of Energy! I'm Bob Kripowicz, Acting Assistant Secretary for Fossil Energy here at the Department. We are pleased to be hosting for a second time, groundbreaking meetings on the establishment of a new standards organization to address natural gas and electric market standards. Your participation will shape the face of future retail gas and electric markets. I apologize for not being there in person, but I am in Houston today conducting public hearings on President Bush's National Energy Policy. However, I am with you in spirit!

Your meeting today is to gauge industry support for an organization to develop collective wholesale and retail energy standards. We believe that a valuable lesson from the deregulation of the energy industry is recognition of the need for consistent business practices and business standards to support a harmonized nation-wide energy marketplace. We at the Department of Energy support and encourage this endeavor and support the concept of a national standard-setting body. Such a body would eliminate duplication of effort in setting standards among multiple organizations, provide a forum for stakeholder participation by all segments of the energy industry in which no segment could exercise exclusive control, and would advise state regulators without supplanting their critical decision making roles.

Let me state for the record what many of you may have heard from the Department in the past. We are proud to be charter members of the Gas Industry Standards Board or GISB, an industry-led group that successfully developed standards for the wholesale natural gas market without legislative or regulatory interference. Because of GISB's extensive experience in this area we are very pleased that they have again agreed to organize and facilitate this meeting. Thank you to Rae McQuade and Bill Boswell.

This meeting is an outgrowth of a request by the Coalition for Uniform Business Rules in September 1999 that GISB develop gas and electric retail standards. In December 1999, GISB's board of directors agreed to form a committee to study the Coalition's request and to facilitate an industry-wide forum on retail electric and gas business standards. In February 2000, the Department of Energy hosted an initial energy standards board meeting, where industry opinions were sought on the need for a common set of commercial and retail standards for electric and gas industries.

Today's meeting is an opportunity for you to voice your opinion on the organization model necessary for a new standards organization to develop both natural gas and electricity wholesale and retail market based standards. The nature of the dialog over the next day and half should address the framework for an organization whose role would be to develop these market-based standards, including scope of activity, and any additional key principles that are necessary.

This Administration believes that retail natural gas and electric competition can offer consumers new and innovative services and products, stimulated by an open market. If we, as a nation, are to reap the benefits of a competitive market, regulators, legislators, and industry will need to work together to restructure energy markets fairly while promoting competition. One significant barrier to a competitive market may be the lack of uniform retail gas and electric standards and practices. Uniform standards may lower the costs for all market participants, ease market entry, and ease the movement of capital, goods, and services. Buyers and sellers would then have more choices and better opportunities to recognize the value of a competitive marketplace.

We hope your discussions are fruitful and we look forward to reviewing the results of this meeting. Finally, let me commit to you that the Department of Energy will continue to support the development of an energy standards board and the development of commercial industry standards that improve the operation of the competitive natural gas and electric marketplace.

Again, thank you for being here today, and best wishes for a successful meeting.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF THE COMMISSIONER

August 13, 2001

Ms. Rae McQuade
Gas Industry Standards Board
1100 Louisiana
Suite 3625
Houston, TX 77002

Dear Ms. McQuade:

I met with Bill Boswell last week. I am excited to learn about the progress that has been made towards the development of the Energy Industry Standards Board. I wanted to let you and your members know of my strong support for the evolution of the GISB process to the creation of EISB. Successful markets depend upon uniform business rules and standards and it is my hope that we can complete this task as expeditiously and efficiently as possible. I look forward to receiving recommendations from the EISB early in 2002. Please let me know whatever I can do to facilitate your progress.

Sincerely,



Nora Mead Brownell
Commissioner

cc: Bill Boswell

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426

August 13, 2001

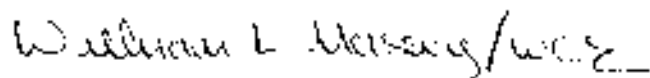
Ms. Rae McQuade
Executive Director
Gas Industry Standards Board
1100 Louisiana, Suite 3625
Houston, TX 77002

Dear Ms. McQuade:

I am writing to express my strong support for the creation of an Energy Industry Standards Board to develop wholesale and retail standards for gas and electricity. Developing such standards is critical as they are among the basic building blocks for well functioning energy markets. It is my hope that great progress can be made toward this goal at the GISB-DOE forum in Washington this week.

Please keep me informed of your progress and contact me if I can be of any assistance.

Sincerely,



William L. Massey
Commissioner

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D. C. 20426

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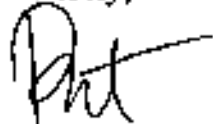
OFFICE OF THE COMMISSIONER

Ms. Rae McQuade
Executive Director, Gas Industry Standards Board
1100 Louisiana, Suite 3625
Houston, TX 77002

Dear Rae:

I am sorry I won't be able to personally attend the GISB meeting this week. But I did want to encourage you and the membership to move aggressively on creation of an energy industry standards board and get these business issues resolved. As I have testified in my prior position on the Texas Commission, the GISB model of industry-led, consensus-based problem solving is well-equipped to address similar issues in the electricity markets. I wish you every success in moving forward as quickly as possible. Keep me posted on your progress.

Sincerely,



Pat Wood, III
Commissioner



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TO: GISB Board of Directors
FROM: Board Task Force Chairman: Ron Mucci
cc: Board Task Force: Ron Mucci, Hugh Roberts, Marty Patterson, Lyn Maddox, Greg Lander, Jim Templeton, Bill Boswell
EC Liaisons: Jim Buccigross, Mike Novak, Keith Sappenfield
RE: Strawman 2.1
DATE: September 6, 2001

Dear Board Members,

Attached please find a Strawman 2.1, provided through the consensus actions of the Board Task Force. It includes changes offered by the American Gas Association and by the governance group of the UBP-RSB organization, the successor group to the Coalition for Uniform Business Rules – the organization that first brought GISB the request to change its scope in September 1999. It also reflects modifications raised in conversations held with several trade associations and interested companies.

The document shows redlined changes and notes are provided explaining those changes and their origination. The modifications include a description of the retail gas and retail electric quadrants, and clarification in several areas:

- The phrase “model business practices” was added throughout the document wherever standards were noted, to reflect that the organization will develop both standards and model business practices.
- An explanation of how the organization could coordinate the development of market-based standards with the reliability standards developed by NERC was noted.
- The membership definition was broadened to include trade associations, but only when the interests represented by the trade association were not present in the organization. Trade associations are precluded from holding Board or Executive Committee seats.
- The role of agents was broadened to permit them to hold both Executive Committee and Board seats.
- The ability for a corporation to hold multiple memberships and seats on the Board or Executive Committee was further described, as was the requirement that subsidiaries or affiliates of a member join if they expect membership benefits.
- Quadrant specific actions were further explained, including further description of the balanced simple majority vote across quadrants.
- The reconsideration process was further described including the notification period.
- The membership dues structure promoting a membership driven organization was explained.

As can be seen from the above list of changes, the changes are clarifications or further descriptions. As none of the changes modify the principles of the framework, this new version is numbered “2.1.”

Most importantly, I would like to recognize the hard work and dedication on the part of the Board Task Force members who participated in numerous conference calls and many successive drafts to arrive at the product we have today. We appreciate the efforts of the trade associations, industry organizations and individual companies whose input became a critical



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component as the document was fine-tuned from its issuance in February of this year. The cooperative nature and insightful perspectives of the industry has been crucial in preparing this model and it has been an experience I will long value.

Best Regards,

Ron Mucci



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Strawman 2.1

In Consideration of An Energy Industry Standards Board

Framework

In several meetings, it was discussed that the purpose of this new organization would be to propose and adopt voluntary standards and model business practices [RM1] designed to promote more competitive, efficient and reliable energy service. Such standards and model business practices would apply to electronic exchange of information, record and data formats, communications protocols and related business practices that streamline the transactional and coordination processes of the wholesale electricity, wholesale natural gas, retail electricity and retail natural gas marketplaces.

It is intended that this new organization would include the work currently conducted under the auspices of, and for the purpose of inheriting the maintenance and improvement of existing natural gas wholesale market standards, be a successor to the existing organization, GISB. It is further intended that this new Organization would complement the activities of NERC by developing wholesale electricity business practice standards consistent with the standards developed by NERC for reliability [RM2]¹. The activities of the new Organization would not extend to the development of standards for physical safety, physical reliability, facilities construction, equipment manufacture or the operation of natural gas or electrical equipment, such as those established and maintained by the AGA or NERC. It is also intended that this new Organization would conduct standards or practices development activities with respect to the electronic exchange of information, record and data formats, communications protocols and related business practices that streamline the transactional and coordination processes of the ~~retail~~ electricity and ~~retail~~ natural gas marketplaces. In these last two regards, it is anticipated that the work product of the Uniform Business Practices Group and the business related standards developed by NERC will be inherited for consideration [RM3]² and that adoption, maintenance, and improvement of those practices and conventions would be

¹ Protocols will be established whereby determination can be made for the applicability of the standards or practices development activity to either wholesale electric reliability or to wholesale electric market based efforts. This may be addressed through a memorandum of understanding or through defined communications procedures.

² When the Gas Industry Standards Board was created in 1994, it undertook the consideration, adoption and maintenance of standards resulting from work products of prior organizations such as Gas*Flow and the five FERC Electronic Bulletin Board Work Groups. It also undertook the consideration, adoption and maintenance of standards resulting from work products from the COPAS/INGAA/AGA effort.



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conducted by the new Organization to the extent not judged inconsistent with the new Organization's scope.

This document provides possible scope, principles and structure for such an organization. The principles are based on commonly accepted precepts of a standards and model practices organization to work for both the Electric and Gas Industries. The document outline of the structure should not be misconstrued as the only way to organize a new standards and model practices organization, but only an attempt to get interested parties thinking and is based on GISB's experience.

Scope

The scope of the new Organization would be to develop, maintain and publish voluntary standards and model business practices designed to promote more competitive, efficient and reliable energy service. Such standards and model business practices would apply to electronic exchange of information, record and data formats, communications protocols and related business practices that streamline the transactional and coordination processes of the wholesale electricity, wholesale natural gas, retail electricity and retail natural gas marketplaces. ~~The standards to be established would reflect standardization and streamlining of activities chosen from among existing policies and practices~~^[RM4].

Principles

Independence – The ~~standards~~ organization should be an independent body. While it may have informal liaisons to trade associations, other standards organizations and government agencies, it should be a separately incorporated, fully independent, organization.

Openness -- The ~~standards~~ organization should conduct its activities in the open. Openness should apply to all aspects of its organizational governance, elections and standards or practices development processes, including work products and related meetings. The meetings, agendas and items set for discussion and/or possible vote should be publicly noticed, and interested parties, regardless of membership should be invited to participate.

Voluntary -- Participation in the ~~standards~~ organization should be voluntary and adherence to its standards and model practices should, from the ~~standards~~ organization's perspective, also be voluntary. Membership should not be dependent upon whether the company seeking membership implements the standards and model business practices. The organization will not maintain any type of ~~standards~~ enforcement activity.

Balance of Interests – The voting with respect to governance and standards or practices development procedures should provide for balance between and within ^[RM5] industry segments and quadrants participating in the ~~standards~~ organization so as to avoid any one interest group or group of interests having the ability to exert undue influence over any



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decision.

Inclusivity – All industry stakeholders should be identified and associated with a segment and quadrant. All interested parties are invited to participate in the activities of the **standards** organization and to join the organization.

Consensus Based Decisions -- The voting rules should be constructed so that decisions based upon consensus are encouraged. In addition, with respect to voting upon the **business standards or model business practices** issued or to be issued by the organization, energy quadrants and their segments should be assured that each energy quadrant and its segments can protect its interests by requiring both super-majorities and a minimum per segment, and a per quadrant threshold be achieved for passage of such standards **and model business practices** by the organization.

No Advocacy – The **standards** organization should be prohibited from taking advocacy positions on its standards **or model business practices** as a party to any proceeding before a governmental agency. This is not intended to preclude the organization's duly authorized representatives from educating or communicating with any group as to the organization's procedures and/or work product(s).

Membership Driven – The **standards** organization should be membership driven. The paid staff should perform administrative functions to support the organization's activities. Requests for standard(s) **or model business practices** should be proposed by identified persons and not by the organization or its committees and subcommittees. The organization's staff should neither have a vote nor a role with respect to conducting the affairs of the organization other than to provide ministerial functions.

Develop Practices, Not Policy – The Committees, Subcommittees and Task Forces of the **standards** organization should endeavor to not create policy in their standards **or practices** development activities absent being requested to do so by the applicable body (Executive Committee or Board of Directors). To the extent reasonable, the standards **and model business practices** to be established should reflect standardization and streamlining of activities chosen from among existing policies and practices.

(Possible^{RM6}) Organizational Structure

Overall, there are two governing bodies: the Board of Directors and the Executive Committee. Each of the groups is made up of quadrant representation and within each quadrant, segment representation. Below is a description of quadrants and the flexibility given to quadrants to determine their own segments while still preserving balanced voting.

Quadrants -- A quadrant is an energy market interest. There are four such quadrants represented within the new Organization: Electric Wholesale, Electric Retail, Gas Wholesale and Gas Retail.



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Energy Quadrant	Description
Wholesale Gas Quadrant	The Wholesale Gas Quadrant is concerned with and generally tasked to handle natural gas related issues and practices which are within scope and typically addressed on either an interstate basis or are generally subject to the pre-emptive jurisdiction of the federal government. GISB's The original GISB's work can be thought of as being work conducted within this quadrant.
Wholesale Electric Quadrant	The Wholesale Electric Quadrant is concerned with and generally tasked to handle electric related issues and practices which are within scope and typically addressed on either an interstate basis or are generally subject to the pre-emptive jurisdiction of the federal government or are bulk sales of power.
Retail Gas Quadrant	The Retail Gas Quadrant is concerned with and generally tasked to handle natural gas related issues and practices which are within scope and typically addressed at the individual consumer and energy distribution level. The original Uniform Business Practices Group's work can be thought of as being work conducted within the Retail Gas Quadrant and Retail Electric Quadrant [RM7].
Retail Electric Quadrant	The Retail Electric Quadrant is concerned with and generally tasked to handle electric related issues and practices which are within scope and typically addressed at the individual consumer and energy distribution level. The original Uniform Business Practices Group's work can be thought of as being work conducted within the Retail Gas Quadrant and Retail Electric Quadrant.

Segments - Each quadrant shall determine its own segments, and when determining its segments, shall have met requirements set by the Board, which apply to all quadrants equally. Each quadrant must adhere to balanced voting across its segments and all industry participants with a business interest in a given quadrant should be able to join that quadrant in one of its defined segments.

For the wholesale gas quadrant, the segments listed below were provided by GISB[RM8]; ~~may be defined as:~~

Segments	Description
Producers	Those companies primarily engaged in the production of natural gas for sale to others.
Pipelines	Those companies primarily engaged in the transmission of natural gas.



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Segments	Description
Distributors	Those companies primarily engaged in the local distribution of natural gas.
End-users	Those companies that consume natural gas.
Services	Providers of services to participants in the wholesale natural gas industry, which would include marketers, software providers, consultants and other companies not otherwise considered to be a producer, pipeline, distributor or end user.

For the wholesale electric quadrant, the segments may be defined as:

Segments	Description
-----------------	--------------------

For the retail gas quadrant, the segments listed below were provided by A.G.A. ~~may~~ [RM9] be defined as:

Segments	Description
<u>Suppliers</u>	<u>Companies, other than distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale, aggregators), producers, asset managers and pipelines.</u>
<u>Distributors</u>	<u>Companies engaged in the regulated local distribution of natural gas, including organizations primarily representing the retail interests of small municipal utilities (e.g. APGA).</u>
<u>End Users</u>	<u>Companies and individuals that consume natural gas, including consumer advocacy organizations and retail customer groups.</u>
<u>Service Providers</u>	<u>Companies and individuals that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants and other companies not otherwise declared in any other segment.</u>



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For the retail electric quadrant, the segments listed below were provided by the governance group of the UBP -RSB organization ~~may be defined as~~^[RM10]:

Segments	Description
<u>Distributors</u>	<u>Those companies engaged in the local distribution of electricity.</u>
<u>Suppliers</u>	<u>Those companies engaged in the competitive sale of electricity to end-users, including energy service providers and marketers.</u>
<u>End-users</u>	<u>Companies and individuals that consume electricity.</u>
<u>Service Providers</u>	<u>Companies and individuals that provide services to participants in the retail electric industry, which include equipment manufacturers, equipment vendors, software providers, consultants and other companies not otherwise declared in any other segment.</u>

Membership -- The definition of membership applies to all quadrants and segments. Members are companies, organizations or individuals^[RM11] participating in the natural gas and/or electricity markets. Trade associations are permitted to join the organization as members where they represent an interest that is included in a segment, and that interest is not represented by any members^[RM12]³~~and that is not otherwise represented. Where not explicitly identified as a member of a segment within a quadrant, T~~ Otherwise, trade associations, advocacy groups and special interest groups are not considered members but are encouraged to participate in the organization. A member may be represented by an agent, which is defined as an individual or company representing the interests of one or more companies or organizations; however, the agent is not a member of the organization a member of the organization, but who, itself, is not a member of the organization.

When joining, each member declares the quadrant and segment with which they are to be identified. For eligibility, a member should have a significant business interest in the quadrant and segment for which the company is declared. Moreover, the representatives of the member company who participate in the activities of the ~~standards~~-organization should have corporate responsibility for the business interest of the quadrant and segment.

Corporate organizations, which have multiple companies, under common control, which that desire to become members, must join individually. Members do not extend their membership to the parent company, affiliates or subsidiaries^[RM13]. ~~While a corporate organization can have memberships in multiple quadrants and segments, one member cannot join multiple~~

³ The trade association membership in the organization extends only if there are no other members of the organization that can represent the interests of the trade association's membership. Because the trade association member is not acting as an agent for a given member of the organization, it cannot hold seats on either the Board of Directors or the Executive Committee.



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~~quadrants or segments.~~ Multiple memberships are allowed subject to the following limitations^[RM14]:

1. A corporate organization can hold membership in multiple quadrants by paying multiple dues.
2. Separate corporate entities within a corporate family can hold memberships in multiple segments within a given quadrant by paying multiple dues. A corporate family may hold multiple Executive Committee seats within a quadrant from separate segments. However, a quadrant should have the authority to set limitations on the number of corporate entities holding elected positions in that quadrant.
3. Irrespective of the number of memberships held by a corporation, no corporation may hold more than one Board seat per quadrant.
4. At a subcommittee or task force level, the same individual may represent different segments so long as that individual represents only one segment within a given quadrant. However, an individual may not hold more than one Executive Committee or Board seat per quadrant.

~~Members do not extend their membership to affiliates or subsidiaries; the affiliates and subsidiaries join separately. For a jointly owned company, its corporate organization's identification is determined by the corporate organization's majority ownership~~^[RM15].

Members vote to ratify governance changes approved by the Board of Directors ~~and proposed standards approved by the Executive Committee~~ without regard to their quadrant or segment identification. In addition, members of a given quadrant(s) vote to ratify standards actions approved by the Executive Committee for that quadrant(s).^[RM16] Only members can be considered for seats on the Board of Directors or Executive Committee, and are eligible to chair the various subcommittees of the organization.

Board of Directors - The Board would be comprised of the members elected from the quadrants and each of its segments, ~~with no more than one member from each distinct corporate organization~~. For a given quadrant, each segment within that quadrant will be represented by an equal number of Board members, to be determined by that quadrant. The Board of Directors would be responsible for funding, annual plan definition and approval, changes to the governance document and structure, and overall direction of the organization. The Board of Directors always meets and acts "en banc." There are no quadrant specific actions of the Board that would require the quadrants of the Board to meet and act independently of the others.

Agents for member companies are ~~not~~ permitted to be Board members. Members who are trade associations representing a segment interest that has no other representation in the organization are not permitted to be Board members. Board members must represent an individual company with a direct commercial or business interest in the industry decisions



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reached by the Board. Board members are individuals who are elected to the Board from among the membership of each quadrant and segment according to Board approved Quadrant and Segment Procedures. A member is not permitted to substitute other individuals for the elected, named, member of the Board. Board member terms are two years in duration.

For governance or structural changes to be effected, the Board must vote with 75% approval of each of the quadrants and a 40% approval of each of the segments within each quadrant. The approved governance changes would then require a ratification vote of all members. To be ratified, a 90% approval is required, with those members who choose not to return a ballot considered as voting in favor of the Board's action. All other decisions of the Board are determined by a simple majority of a balanced vote of each of the quadrants, which by definition, is balanced across the quadrants^[RM17]⁴. Board decisions other than those which effect governance or structural changes with do not require no member ratification required.

As an example, in the wholesale gas quadrant, the Board of Directors is represented by the five previously described segments, and each segment is represented by five Board members. For a governance change to pass the wholesale gas quadrant Board representatives, 19 positive votes are required along with at least two positive votes from each of its segments.

Board Meetings: Board Meetings shall be in person at locations determined by the Board Officers. In addition, Board Members may participate and vote by means of tele-conference or other electronic means. Eligibility to continue serving as a Board member is dependent upon in-person attendance at no less than 50% of scheduled Board Meetings. Such attendance threshold shall be reviewed at March 31 and September 30 of each year for the preceding twelve months. Failure to meet the 50% threshold for reasons other than hospitalization or disability will result in forfeiture of the Board seat and an election to fill the seat by the next Board Meeting.

Executive Committee - The Executive Committee would be comprised of the members elected from the quadrants and each of its segments. For a given quadrant, each segment will be represented by an equal number of Executive Committee members, to be determined by that quadrant. Each segment will in turn determine their representatives. The Executive Committee is responsible for carrying out the Annual Plan. The Annual Plan approved by the Board describes the areas and general priorities for standards or practices development. The Executive Committee may meet and act "en banc," or each of its quadrants may act separately depending on the actions requested of it. ~~The quadrant specific action of the Executive Committee, which requires one or more quadrants to act independently, is the consideration of standards and model business practices that would apply to only one or more, but not all, of the applicable quadrants.~~ The consideration of standards and model business practices which apply to specific quadrant(s) would be acted on by the Executive Committee members who

⁴ For a motion to pass by a simple majority of each quadrant, each quadrant separately must have a majority vote in the affirmative. Should one or more quadrants fail to achieve a majority vote, the motion would fail.



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belong to only those specific quadrant(s).

Executive Committee members are individuals who are elected to the Executive Committee from among the membership of each quadrant and segment according to Board approved Quadrant and Segment Procedures. A member is not permitted to substitute other individuals for the elected, named, member of the Executive Committee, unless that individual is a named alternate, elected according to Board approved Quadrant and Segment Procedures. Agents for member companies are permitted to be Executive Committee members. ~~An industry association staff person may serve as an Executive Committee member—meeting all requirements of Executive Committee membership, by acting as an agent for a member of its association who is also a member of the standards organization. Members who are trade associations, representing a segment interest that has no other representation are not permitted to be Executive Committee members. Executive Committee members must represent a individual company with a direct commercial or business interest in the industry decisions reached by the Executive Committee. In order to do so, a majority of the industry association's membership must also be members of the standards organization.~~ Executive Committee member terms are three years in duration.

The Executive Committee is the determining body for standards and model business practices issues. ~~The consideration of standards and model business practices which apply to specific quadrant(s) would be acted on by the Executive Committee members who belong to only those specific quadrant(s). Only those Executive Committee members from the quadrants affected by a proposed standard or model business practice vote to adopt those standards or practices.~~ For standards and model practices to be adopted, the applicable quadrants of the Executive Committee must vote with 67% approval of each of ~~the those~~ quadrants and a 40% approval of each of the segments within ~~a those~~ quadrants. (The approved standards and model business practices would then require a ratification vote of all members of the applicable quadrants. To be ratified, a 67% approval for each of the applicable quadrant(s) is required for those members returning ballots.)~~All other decisions of the Executive Committee are determined by a simple majority of a balanced vote of each of the quadrants, with no member ratification required. All votes should be balanced among quadrants in committees of the whole, including procedural votes.~~All other decisions of the Executive Committee are determined by a simple majority of each of the applicable quadrants⁴, which by definition, is balanced across the applicable quadrants. Executive Committee decisions other than those which create or modify standards or model business practices do not require member ratification.

As an example for the wholesale gas quadrant, the Executive Committee is represented by the five previously described segments, and each segment is represented by five Executive Committee members. For a standard or model business practice to be adopted by the wholesale gas quadrant Executive Committee members, 17 positive votes are required along with at least two positive votes from each of its segments.

Executive Committee Meetings: Executive Committee Meetings shall be in person at time and location determined by the Chair and Vice-Chair of the Executive Committee. In addition,



Gas Industry Standards Board

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Executive Committee Members may participate and vote by means of tele-conference or other electronic means. Eligibility to continue to serve as an Executive Committee Member is dependent upon in-person attendance at no less than 50% of scheduled Executive Committee Meetings. Such attendance threshold shall be reviewed at March 31 and September 30 of each year for the preceding twelve months. Failure to meet the 50% threshold for reasons other than hospitalization or disability will result in forfeiture of the Executive Committee seat and an election to fill the seat by the next Executive Committee Meeting.

Quadrant and Segment Procedures: There shall be for each segment within each quadrant, procedures, which are drafted by each segment and quadrant and approved by the Board of Directors. The procedures are approved through a simple majority ~~of a balanced~~ vote from each quadrant⁴ of the Board of Directors, which by definition is balanced across quadrants. The procedures ~~and~~ should be declined only if they are inconsistent with the principles upon which the organization was founded or with terms of the certificate of incorporation or bylaws. The procedures would include nomination procedures governing the nomination process for elections to fill seats on the Board and Executive Committee. Such procedures should set forth the nomination and election procedures to be administered by the ~~standards~~ organization's administrative office.

Standards or Practices Development Process: Any party, regardless of membership, can request that a standard or model business practice be developed or an existing standard or model business practice be modified or deleted.

When the request is received by the organization's office, it would forward the request to the Triage Subcommittee, a group reporting to the Executive Committee. The Triage Subcommittee is composed of one representative from each segment within each quadrant of the Executive Committee. The Triage Subcommittee, ~~through a simple majority of a balanced vote of each quadrant,~~ would first assess whether the request meets the organization's scope, and then it would prepare a recommendation including to which quadrant(s) the request is to be forwarded. The Triage Subcommittee will recommend the requested standard be assigned to multiple quadrants, where one standard could be reasonably and appropriately applied to multiple quadrants^[RM18]. The Triage Subcommittee will also recommend to which subcommittees the request should be forwarded for development, and which relative priority should be assigned. While there will be instances where discrete standards and model business practices will be necessary for each energy industry quadrant, such requests will be processed with consideration toward consistent application across quadrants^[RM19]. The Triage Subcommittee recommendation is determined through a simple majority vote of each quadrant⁴, which by definition is balanced across quadrants. The recommendation regarding the request is forwarded to the Executive Committee for approval and assignment.

The Executive Committee, ~~through a simple majority vote of each quadrant,~~ would approve or modify and approve the triage recommendation, through a simple majority vote of each quadrant⁴, which by definition, is balanced across quadrants. The request is then forwarded to the applicable standards and practices development subcommittees for consideration. After



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consideration, the applicable standards and practices development subcommittees prepare recommended standards and model practices language related to the request. The language is forwarded for industry comment, and is brought to the applicable quadrants of the Executive Committee for adoption.

After the applicable quadrants adopt the standard or model business practice, the Executive Committee may determine that the standard or practice applies to quadrants different than those originally intended. If such determination is made, a notice of a reconsideration action would be given~~can take place within a thirtysixty-day period, beginning on the date the draft Executive Committee meeting minutes are posted~~^[RM20]. The reconsideration action would be placed as an agenda item for the next Executive Committee meeting. Otherwise, the process continues with the member ratification process and ultimate publication. Only those members of a quadrant affected by to which a standard or model business practice adopted by the Executive Committee is applicable are eligible to vote for ratification of those standards and model business practices. ~~All members can participate in the ratification process, regardless of the quadrant declaration and the assignment of the standard to applicable quadrants.~~

If a reconsideration action takes place, the Executive Committee would require a simple majority ~~of a balanced~~ vote of each quadrant⁴ that did not vote on the recommended standard or model business practice, to have the recommended standard or model practice language considered by quadrant(s) other than those originally intended. If the reconsideration action fails, the recommended standard or model practice language is considered by the originally assigned quadrants. If the reconsideration motion passes, the recommended standard or model practice language is forwarded to the additional quadrants for their consideration and the vote to adopt the recommended standard or model practice language takes place at the next meeting of the Executive Committee, which would be followed by the ratification process and publication process. The approved standards and model business practices would require a ratification vote of all members of the applicable quadrants. For a standard or model business practice to be ratified, a 67% approval is required for those members of the applicable quadrants returning ballots.

Balanced Voting: Standards or practices development subcommittees are standing subcommittees, and vote by majority, with balanced votes tallied by each applicable quadrant and within each applicable quadrant, each of its segments. Each segment should be provided two votes to be apportioned on a no more than “one vote per company in attendance at the meeting” basis. The balanced votes would then be balanced across quadrants similarly. When there are more than two companies within a quadrant and segment in attendance, the two votes per segment would be apportioned equally among the attendees within that segment. Quadrant and segment identification is intended to be for information purposes and not for the purpose of counting or determining a majority at the business practice subcommittee working level. Abstentions are not counted in the apportionment of votes.

Funding: 1. Dues remain at \$5000 per membership.



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2. Sponsorship Dollars are solicited with no guarantee that they will be credited against future dues.

The revenues required for the operation of the organization are based primarily from membership dues assessed equally to all members. As the revenues for operation originate from the organization's members, the organization is membership driven^[RM21].

Energy Industry Standards Board Model

Strawman 2.1

Comments Describing Changes

Page: 1
[RM1] The change was submitted by AGA, as “model business practices” may be more acceptable to state regulators than “standards.” This change is made throughout the document.

Page: 1
[RM2] Additional information in the footnote was provided by the GISB Board Task Force to explain how reliability and market based standards activities for the wholesale electric quadrant could be coordinated.

Page: 1
[RM3] Additional information in the footnote was provided by the GISB Board Task Force to illustrate how a new standards organization could consider the work products of other groups.

Page: 2
[RM4] The language was struck through by the AGA to allow the new organization, through its members and Board, to determine which activities were within scope. The governance group of the UBP-RSB organization offered a language change that would have modified the sentence to broaden it to “reasonable expected policies and practices.”

Page: 2
[RM5] This language addition was provided by the governance group of the UBP organization to stress the balance of the organization.

Page: 3
[RM6] The GISB Board Task Force placed “possible” as a parenthetical. When the various quadrants determine their structures, the organizational structure described will be the organizational structure used.

Page: 4
[RM7] The language was struck through by the AGA and addressed later in the document.

Page: 4
[RM8] The language was added by the GISB Board Task Force to note which organizations had identified the segments and provided the segment descriptions. Each group providing the segment identification and descriptions is listed in the document.

Page: 5
[RM9] The AGA provided the segment identification and descriptions for the retail gas quadrant. The UBP-RSB organization provided similar segment identification and

descriptions in its August 10 draft of modifications to the strawman 2.0.

Page: 6

[RM10] The governance group of the UBP-RSB organization listed segment identification and descriptions provided for the retail electric quadrant in the August 10 draft of changes to the strawman 2.0.

Page: 6

[RM11] The AGA provided additional language broadening the membership to include trade associations in cases where the industry interest represented by that trade association is not present in the organization through any of its members. The language also broadened participation by agents – who through the language changes, will be permitted to sit on the Board of Directors.

Page: 6

[RM12] The footnote was added by the GISB Board Task Force to further explain the roles of trade associations as members of the organization.

Page: 6

[RM13] AGA offered language to clarify that should an affiliate or subsidiary of a member wish to join the organization and have membership privileges, it will be required to join separately – it is not a member through its relationship to its parent company.

Page: 7

[RM14] AGA offered the additional language to further describe multiple memberships held by a given company. Similar changes were offered by the governance group of the UBP-RSB group:

~~“ While a corporate organization can have memberships in multiple quadrants and segments, one member cannot join multiple quadrants or segments. Corporate organizations which have multiple companies under common control, which desire to become members in multiple quadrants or segments, must first satisfy membership requirements and then join individually and pay for multiple memberships.”~~

Page: 7

[RM15] The struck through language is addressed in additional language offered by AGA describing multiple memberships.

Page: 7

[RM16] The AGA offered the language to clarify that for standards, only the members of the quadrants to which those standards apply ratify them. Similar language changes were offered by the governance group of the UBP – RSB organization:

The Executive Committee is the determining body for standards issues. For standards to be adopted, the Executive Committee members of each applicable quadrant must vote with an overall 67% approval ~~of each of the quadrant~~ and a 40% approval of each of the segments within ~~a~~ the quadrant. The approved standards would then require a ratification vote of all members. To be ratified, a 67% approval for each the applicable quadrant(s) is required for those members returning ballots. All other decisions of the Executive Committee are determined by a simple majority vote of each of the quadrants, with no member ratification required.

Page: 8

[RM17] The GISB Board Task Force provided further explanation in this text and in the footnote that applies to discussions on simple majority votes across quadrants. As described, simple majority votes across quadrants are by definition balanced across those quadrants.

Page: 10

[RM18] This language was provided by the governance group of the UBP-RSB organization in its August 10 draft of changes to the strawman to explain that where feasible, requests for standards that apply across quadrants will be developed jointly by those quadrants.

Page: 10

[RM19] This language was provided by AGA to explain that where feasible, requests for standards that apply across quadrants will be developed jointly by those quadrants. Similar language was provided by the governance group of the UBP-RSB organization:

“Standards Development Process: Any party, regardless of membership, can request that a standard be developed or an existing standard be modified or deleted. When appropriate, cross-quadrant standards will be proposed and adopted.”

Page: 11

[RM20] Additional text was added by AGA and modified by the GISB Board Task Force to describe the reconsideration process. Should a quadrant determine that a developed proposed standard may apply to it, it has 30 days from the publication of the Executive Committee draft minutes to give such notice to the organization. The reconsideration action will be placed on the next Executive Committee meeting agenda.

Page: 12

[RM21] The GISB Board Task Force added language to describe the importance of organizational funding from membership dues.

TO: GISB Board of Directors
Jim Buccigross
Rae McQuade

FROM: Jay Costan
Alana Deere

DATE: September 6, 2001

RE: Options for GISB Transition to EISB

The Gas Industry Standards Board ("GISB") is currently involved in discussions with other industry groups on the formation of an Energy Industry Standards Board ("EISB") that would succeed GISB and be responsible for establishing business practice standards for both the gas and electric industries. As presently conceived, the proposed new EISB would be made up of four separate industry quadrants: (i) wholesale gas (i.e., successor of the current GISB), (ii) wholesale electricity, (iii) retail gas, and (iv) retail electricity. A proposal known as "Strawman 2.1" describing how the new standards board would be organized is now being circulated among industry representatives for consideration. Under the Strawman 2.1 proposal, each quadrant would be made up of a designated number of segments to be determined by the quadrant, which would have equal representation on the Board and on the Executive Committee for that quadrant. As discussions within the industry progress, Strawman 2.1 may evolve into Strawman 2.2, representing an industry consensus on the appropriate governing structure for a new EISB.

One of the major hurdles involved in moving from GISB to EISB is determining the most suitable organizational vehicle for making the transition. This memorandum discusses three possible alternatives for the transition from GISB to EISB. It assumes that the EISB entity will be based on the current GISB structure and, once established, will be the functional successor of GISB. The three transition alternatives are:

1. Amend GISB's Articles of Incorporation and By-laws to expand the existing structure to include the more comprehensive EISB structure;
2. Create a new EISB entity that would incorporate the existing GISB members and, upon reaching critical mass, dissolve GISB;
3. Create a new EISB entity that would merge with GISB.

A variety of factors can influence the selection of a particular alternative for the transition. These include the extent to which the alternative affords flexibility in the "ramping up" of the new organization; the extent to which the particular alternative requires submission of a new application for tax-exempt status under Section 501(c)(6) of the Internal Revenue Code and the extent to which the new organization would be perceived as representative of the entire industry, as opposed to a particular quadrant. Also, because GISB is expected to receive ANSI certification very soon, there is the additional issue of transferring such certification to a new entity.

Each of the three organizational alternatives is evaluated below.

Executive Summary

There is no advantage, in terms of Delaware corporate law, to creating a new entity, rather than adapting the existing GISB structure to include the new quadrants encompassed within EISB. In both cases, the goal is to have one entity that incorporates all energy sectors. The most straightforward and cost-effective way to accomplish this appears to be Option 1, which would involve using the existing GISB structure and transforming GISB into EISB through changes to GISB's Certificate of Incorporation and By-Laws to reflect the character and structure of the proposed EISB organization.

Several tangible steps seem necessary to accomplish this transition. First, the GISB Board would need to adopt a resolution reflecting its support for the Strawman 2.1 proposal, as well as its commitment to the consensus-building effort necessary to construct and populate EISB along the lines described in the Strawman 2.1 proposal. Second, depending on the perceived need to lend palpable substance to the transition process, the GISB Board at the same time could adopt a resolution amending the Certificate of Incorporation to permit the actual legal transformation of GISB into EISB. Third, and most critically, the Board would need to pass amended By-laws to reflect the character and function of the new EISB organization at the conclusion of the industry-wide consensus-building effort involving the Strawman proposal.

As part of the consensus-building effort, new members would be enlisted through letters of intent. Virtually simultaneously with the adoption of new By-laws at the end of the consensus-building effort, the letters of intent of subscribers would be exchanged for membership in the new organization. A timeline setting forth the various steps with an assumed September 2001 start date and a March 2002 date for actual commencement of operation of EISB is attached as an appendix.

1. Amend GISB Documents to Expand Into EISB

This alternative would require amending GISB's Certificate of Incorporation to change the name to EISB and to expand the purpose of the organization to include

EISB objectives.¹ There are two ways to accomplish this. One is to file one or more certificates of amendment to the existing Certificate of Incorporation with the Delaware Secretary of State. The other is to file a restated Certificate of Incorporation that would include all amendments to the Certificate of Incorporation into a new complete certificate.² Since the purpose here is to transform the existing organization into something new, the development and filing of a restated Certificate of Incorporation would seem to be the more logical choice. The amendments would also require notifying the IRS of the expanded purpose to ensure that the expanded organization continues to qualify for tax-exempt status.

Probably the most challenging aspect of making the transition is developing the industry consensus and "comfort level" among all key participants to move forward. Important to this consensus-building process is the absence of any perception that the new organization is somehow controlled or directed by GISB. Thus, while GISB has invaluable experience in the standard-setting area that will be critical to the formation of a new organization, the governing documents of the new organization will need to reflect a cross-industry consensus effort. This concern has minimal effect in the case of the Certificate of Incorporation because the powers in the Certificate are broadly stated. However, it could be a significant issue in the case of the By-laws, where the functions and membership of each quadrant and of the Board and Executive Committee, as well as the organization's voting procedures, will be fleshed out in detail.

The process of building industry consensus takes time and makes it difficult to predict when the necessary support -- both philosophical and financial -- for a new organization will materialize. This timing issue, in turn, complicates any effort by GISB to make structural changes until support for the new organization is essentially a fait accompli. Two alternatives seem possible vis-à-vis GISB Board action.

The first of these would essentially contemplate that GISB take the lead in developing an organizational structure. Under this alternative, the Board would adopt the necessary amendments to its Certificate of Incorporation based on its perception that industry consensus is inevitable but that the consensus-building process needs a boost to spur the legal transformation from GISB into EISB. The first tangible step would be to adopt resolutions to (1) reflect GISB's support of the Strawman 2.1 proposal; and (2) amend GISB's Certificate of Incorporation to change its purpose to conform to the Strawman 2.1 proposal for an energy industry standards organization. At a later date (possibly at the December 2001 Board meeting), to further stimulate the industry-wide consensus-building process, the Board might wish to endorse a set of By-Laws for EISB. In any event, once final industry consensus is reached, possibly later this year or in early 2002, the GISB Board would need to adopt amended By-laws to reflect the industry consensus on EISB. It is contemplated that GISB would limit its

¹ Under Section 242(a)(2) of the Delaware General Corporation Law, "a corporation may amend its certificate of incorporation, from time to time, so as: (1) To change its corporate name; or (2) To change, substitute, enlarge or diminish the nature of its business or its corporate powers and purposes."

² See Delaware General Corporation Law § 245.

standard-setting activity to gas markets until such time as industry consensus is reached on some version of Strawman 2.1 and new By-Laws are adopted to reflect such consensus.

The second alternative would reflect a "GISB follow" approach. The GISB Board would adopt a resolution reflecting support for the Strawman 2.1 proposal currently under consideration and expressing support for formation of a new EISB that is substantially along the lines of Strawman 2.1. Under this scenario, industry negotiations would continue until a consensus is reached. This consensus could be reflected by letters of intent to support the new organization. Once the appropriate number of letters of intent were executed to reach critical mass, the GISB Board would vote to amend its Certificate of Incorporation and By-Laws to reorganize as EISB along the lines of the consensus industry proposal. Concurrently therewith, the membership of the new organization would be expanded consistent with the commitments in the letters of intent.

Of these alternatives, the first is probably superior because of the perceived need to take tangible steps now to move from the "talking" stage of Strawman 2.1 to the first stage of actual implementation. Industry discussions of creating an energy industry standards organization have now been ongoing since at least October 1999, and consensus on the need to create such an organization seems fairly clear. At the same time that industry consideration of creating an EISB has intensified, so has interest in, and support of, such an organization galvanized among federal and state regulators. Notably, the Chairman and two Commissioners of the FERC are on record as staunchly supporting formation of an EISB, sooner rather than later. Nevertheless, because the process of actually forming and populating such an organization will represent dramatic change for some of the affected industry sectors, there is a certain amount of inertia inherent in taking what is generally recognized as a very useful concept and transforming it into an actual functioning organization. To counter such inertia and help jump-start the legal transformation of GISB into EISB, a compelling argument can be made that GISB should take the lead and amend its Certificate of Incorporation to conform to Strawman 2.1 while the industry consensus-building process continues to refine the details of Strawman 2.1. Indeed, the persistent argument that GISB is now the only organization with sufficient credibility to attract broad industry support seems to underscore the need for GISB to act.

The downside of any such action is the possibility that EISB will be perceived as GISB-controlled, which might interfere with the consensus-building process. The counter to any such perception, however, is the recognition that GISB lacks the power to exert any such control. GISB is just one quadrant of what will ultimately be a four-quadrant organization. Until the industry-wide consensus-building process is concluded, GISB, through its annual plan, will limit its standard-setting activity to wholesale gas standards. As GISB's entire history demonstrates, its sole concern is to support an effective consensus-building effort and, in the case of EISB, once critical mass has been reached in support of an industry-wide proposal, to lend its organizational structure and tax-exempt status to the new organization for a quicker and less costly start.

A timeline illustrating how the "GISB lead" option would work under optimal conditions using a September 2001 start date and a March 2002 completion date is appended hereto.

Depending upon the pace at which the industry is willing to move, it is possible that not all quadrants will have sufficient members at the time the new organization is started. Indeed, the organizers of EISB may choose to add quadrants one at a time, ensuring that each is running smoothly before moving to the next quadrant. The initial By-laws could be devised to accommodate four "active" quadrants, allowing for the possibility that a quadrant could be dormant until it reached critical mass, which could be defined in the organizational documents.

Advantages: Creating EISB by way of using the existing organizational structure of GISB has several advantages. It would save time and expense over creating a new entity. The existing entity already has a Section 501(c)(6) certificate, avoiding the time and expense of filing a new application for tax-exempt status. Although notice of the changes must be provided to the IRS, the existing tax-exempt status would continue without interruption unless the IRS takes action, which is not viewed as likely. Also, GISB has an experienced staff well-versed in the processes and procedures that are critical for a successful industry standards organization. The intellectual capital available from GISB's experience would tend to lower substantially the start-up costs of a new organization, minimize mistakes and avoid replowing ground that has already been covered before. Finally, GISB is very close to receiving final certification from ANSI, which involved a six-year application process and lends significant stature to GISB as a standards-setting organization.

Disadvantages: The chief drawback of using the existing GISB organization as the platform is that it might be perceived as being subject to the direction or control by GISB. This perception, however, could be dispelled fairly easily by continuing to allow EISB to develop on a parallel track through the industry-wide consensus-building process and voting to amend the By-laws of GISB only after the industry-wide consensus building effort evidences that the time to do so is ripe. Given what has gone into Strawman 2.1, and the support it has enjoyed up to this point, it is possible, if not likely, that the industry-wide consensus-building effort could be completed this fall in time for the December 2001 Board meeting.

2. Create New EISB Entity and Dissolve GISB

This alternative would require incorporating an entirely new organization, including the filing of a new Certificate of Incorporation and By-laws. Once the new EISB organization was running, GISB members would need to vote to dissolve GISB. Members of GISB would make up the Wholesale Gas Quadrant of EISB. Also, EISB would have to file a new Section 501(c)(6) application for tax-exempt status.

Dissolution of GISB would require the filing of a certificate of dissolution³ and transfer of GISB's assets to EISB. GISB would need to ensure that all assets are transferable to the new entity, i.e., that the assets themselves do not have limitations preventing transfer to the new organization.

Advantages: This alternative may avoid the complications of amending and transitioning the existing GISB structure to the new EISB structure, by allowing potential members to start from scratch. In addition, starting a new organization from scratch might be perceived as more "independent" than using the GISB organizational structure as the foundation.

Disadvantages: This alternative would require the filing of all new documents to create a new non-profit entity, thus increasing the time and expense involved. Also, a new Section 501(c)(6) application would take longer to process. Further, the pending ANSI certification would expire with the dissolution of GISB, requiring a reapplication at some future date and leading to uncertainty as to when and if such certification might be forthcoming (it has taken GISB six years to obtain certification). Finally, the new entity would need to hire its own staff independently from GISB, thus duplicating some costs and foregoing the savings made possible through the GISB staff's experience in running a standards organization.

3. Continue GISB, Create New EISB Entity, Then Merge Both Entities

As in the previous alternative, this alternative would require incorporating an entirely new organization, including the filing of a Certificate of Incorporation and the creation of a new set of By-laws. However, the two organizations would be merged, rather than GISB dissolving. The merger process would require the filing of articles of merger, which would amend the Articles of Incorporation, and would also require the merger of all financial systems and other administrative systems,⁴ although this process could be simplified if the new entity were created with the merger as a goal after a certain period of time or upon EISB's reaching a critical mass.

Advantages: There is no particular advantage to creating an entirely new entity and merging that entity with an existing entity when the existing entity can either be expanded to cover a more comprehensive purpose and to include more segments, or be dissolved.

Disadvantages: This alternative would be slightly more complex and costly than option two without any discernible advantages.

³ See Delaware General Corporation Law §§ 275 and 276.

⁴ See Delaware General Corporation Law § 255.

Conclusion

There is no discernible advantage to creating a new entity, as opposed to adapting the existing GISB structure to include the new quadrants encompassed within an EISB. The ultimate goal is to have one entity that incorporates all energy sectors, and the most straightforward and cost-effective way to do that appears to be Option 1, which would involve transforming GISB into EISB. Specifically, this would entail (i) a resolution by the GISB Board at the outset showing support for the Strawman proposal, (ii) helping to jump-start the transition to a new organization with a resolution by the Board adopting amendments to the Certificate of Incorporation to revise its purpose consistent with Strawman 2.1, and (iii) then building the necessary consensus for an EISB organization through letters of intent. Once critical mass is reached to support the consensus proposal, the GISB Board would vote to amend the By-laws to change its structure and function to reflect the consensus industry proposal. Concurrently with that action, the letters of intent submitted by subscribers would be exchanged for membership in the new organization. A timeline illustrating how this approach might be implemented over a September 2001 through March 2002 timeframe is attached.

APPENDIX

Possible Timeline for EISB Approval Process

September 19, 2001	Adoption of GISB Board Resolutions endorsing Strawman 2.1 proposal, supporting industry consensus-building effort, amending Certificate of Incorporation to allow for functional transformation to EISB beginning January 1, 2002, and directing GISB General Counsel to draft amended By-Laws consistent with Strawman 2.1 proposal
Post September 19, 2001	Continuation of consensus-building effort across the gas and electricity industries to build critical mass in support of strawman proposal; solicitation/execution of Letters of Intent by companies interested in joining EISB organized along lines reflected in strawman proposal
December 5, 2001	Adoption of GISB Board Resolution endorsing Strawman 2.1 By-Laws reflecting the results of the industry consensus-building effort, changing name of GISB and making conforming changes to Certificate of Incorporation
January - March 2002	Conversion of Letters of Intent into membership in new organization; formation and organization of additional Quadrants to constitute functioning Board of Directors and Executive Committee for EISB; consideration by Board of Directors of any additional conforming amendments to Certificate of Incorporation or By-laws to reflect industry consensus proposal on EISB

Assumptions:

The progress of events reflected in this timeline assumes (1) consensus among the GISB Board on support of the Strawman 2.1 proposal at the time of the

September 2001 Board meeting; (2) indications of strong industry support for the strawman proposal through trade association and individual company responses at the time of the September 2001 GISB Board meeting; and (3) cooperation of counsel for interested parties in the drafting of any changes to the Certificate of Incorporation or Strawman By-Laws during the last quarter of 2001.

GAS INDUSTRY STANDARDS BOARD

Resolutions Regarding Support for Creation of Energy Industry Standards Organization

WHEREAS, for the past two years representatives of both the gas and electric industries have had under consideration the creation of an energy industry standards organization that would develop and administer voluntary standards and model business practices related to the electronic exchange of information, record and data formats, communications protocols and related business practices that streamline the transactional and coordination processes of the electric and gas industries for both wholesale and retail markets; and

WHEREAS, a significant and growing number of individuals, corporations, trade associations and government agencies, including both the Federal Energy Regulatory Commission and the United States Department of Energy, have expressed support for such an organization through the expansion of the Gas Industry Standards Board (“GISB”) to take on the additional responsibilities of developing and administering standards and model business practices for gas retail markets and for electric wholesale and retail markets; and

WHEREAS, in response to the growing interest in the creation of an energy industry standards organization, a GISB task force has drafted “Strawman” proposals for consideration by the industry and affected regulatory agencies, the most current of which as of June 2001, known as “Strawman 2,” was included with the June 2001 GISB Board of Directors materials;

WHEREAS, subsequent to the June 2001 Board meeting, and in conjunction with a meeting hosted by the Department of Energy on August 14-15, 2001 to discuss the Strawman 2

proposal as the vehicle for creation of an energy industry standards board, the GISB task force has received oral and written comments from a number of interested parties, which comments have been considered by the GISB task force and incorporated into a revised proposal known as "Strawman 2.1," which has been included with the September 2001 GISB Board of Directors materials;

NOW, THEREFORE BE IT:

1. **RESOLVED**, that the Gas Industry Standards Board supports the creation of an energy industry standards organization to consider, adopt and administer voluntary standards and model business practices for the wholesale and retail gas and electric industries in substantially the form presented to the Board of Directors as Strawman 2.1.

2. **FURTHER RESOLVED**, that the Board of Directors of GISB:

A) amends the Certificate of Incorporation of GISB to expand its purpose to permit consideration of electric wholesale and retail standards and model business practices, effective as of January 1, 2002, all as described in Appendix A hereto;

B) upon ratification of the amendments to the Certificate of Incorporation by the membership, directs its General Counsel in coordination with the Executive Director to file such amendments to the Certificate of Incorporation with the Secretary of State of Delaware, including the authority to file such amendments as a Restated Certificate of Incorporation under Delaware General Corporation Law § 245, so that the amendments will be effective as of January 1, 2002; and

C) directs its General Counsel to draft amended Bylaws that will transform GISB into an energy industry standards organization consistent with Strawman 2.1, coordinate said

draft with the Board Strawman Task Force, and present said amended Bylaws to the Board for its consideration at the December 2001 meeting.

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
GAS INDUSTRY STANDARDS BOARD INC.

Gas Industry Standards Board Inc., (the "Corporation"), a non-stock corporation organized and existing under the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

1. That the Certificate of Incorporation of the Corporation dated September 22, 1994, as amended, is hereby amended as follows:
 - A. Article I, Section 2 shall be amended to delete the phrase "no later than December 31, 2001," and shall read in its entirety:

"Section 2. The period of duration of GISB is PERPETUAL. GISB may be dissolved at any time in the manner provided in the Statute; provided, however, that no later than December 31, 2004, GISB's Board of Directors shall submit to the members a resolution recommending whether GISB shall continue. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to continue GISB."
 - B. Article II, Section 1 shall be amended to read in its entirety:

"Section 1. The objects and purposes of GISB are to propose and adopt voluntary standards designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.
 - C. Article III, Section 2 shall be amended to read in its entirety:

"Section 2. The Board of Directors and Executive Committee members shall be elected for such terms as provided in the By-Laws. The number of members of the Board of Directors and Executive Committee shall be as provided in the By-Laws. There shall be four Quadrants and each Quadrant will be composed of industry Segments. The members of each Segment shall vote separately for the election of Directors and Executive Committee members for such Segment pursuant to procedures set forth in the By-Laws."
 - D. Article III, Section 4 shall be amended to delete all text following the first paragraph.
 - E. Article V, Section 3 shall be amended to read in its entirety:

"Section 3. An affirmative vote of at 75% from the Board, including an affirmative vote of at least 40% from Directors representing each Segment, which vote must be ratified by a ninety percent (90%) affirmative vote of the general membership, shall be required to approve an amendment of this Certificate, including GISB's scope and purposes

described in Article II, to continue GISB pursuant to Section 2 of Article I, to expand or contract the activities of GISB pursuant to Section 3 of Article I and to consolidate the functions of the Board of Directors and the Executive Committee pursuant to Section 4 of Article I. No quorum of the members shall be required for such votes.”

F. Article V, Section 4 shall be amended to read in its entirety:

“Section 4. An affirmative vote of at least 67% from the applicable Quadrants of the Executive Committee, including an affirmative vote of at least 40% from representatives of each Segment of the applicable Quadrants, which vote must be ratified by a sixty-seven percent (67%) affirmative vote of those members of the applicable Quadrants of the general membership voting, shall be required to adopt, promulgate, amend, revise, modify, interpret, or rescind a standard. No quorum of the members shall be required for such vote.”

G. Article V, Section 5 shall be amended to read in its entirety:

“Section 5. The By-Laws may be adopted or amended by the Board on an affirmative vote of at least 75% from the Board, including an affirmative vote of at least 40% from Directors representing each Segment; provided that procedures pertaining to any Segment separately that are attached to the By-Laws must first be approved by a majority of the Directors representing such Segment.”

H. Article V, Section 6 shall be amended to read in its entirety:

“Section 6. An affirmative vote of at 75% from the Board, including an affirmative vote of at least 40% from Directors representing each Segment, shall be required to determine how to fund a budget deficit or to establish or modify a promotional dues program.”

I. Article IX is deleted in its entirety.

2. That the foregoing amendments to the Certificate of Incorporation have been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the said Gas Industry Standards Board Inc., has caused this Certificate to be executed by its duly authorized Secretary this ___ day of _____, 2001.

GAS INDUSTRY STANDARDS BOARD INC.

By: _____ Rae McQuade

Name: Rae McQuade

Title: Secretary



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

5. ANNUAL PLAN

- In this section you will find the 2001 Annual Plan. Mr. Buccigross, chairman of the Executive Committee, will review the progress made to date on each item including assignments to subcommittees, and the recent realignment of information requirements activities to address the current backlog of requests. During his review, Mr. Buccigross may suggest changes for the Board's consideration if needed.



Gas Industry Standards Board

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GAS INDUSTRY STANDARDS BOARD

2001 ANNUAL PLAN

Mission Statement

The GISB mission statement, as adopted by the Board of Directors, is:

"The Gas Industry Standards Board mission is to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices which will lead to a seamless marketplace for natural gas. These standards will assist the natural gas industry in improving customer service, enhancing the reliability of natural gas service and increasing the competitiveness and efficiency of natural gas markets."

Scope Statement

The GISB scope statement, as defined in the Certificate of Incorporation, is:

"The objects and purposes of GISB are to propose and adopt voluntary standards designed to promote more competitive, efficient and reliable gas service, as such standards apply to electronic data interchange ("EDI") record formats, communications protocols and related business practices that streamline the transactional processes of the gas industry."

2001 Plan Description

The 2001 Annual Plan has four categories: (1) Contracts, (2) Electronic Delivery Mechanisms and Related Activities, (3) Standards Implementation, (4) Provisional Activities, and (5) Standards Maintenance & Fully Staffed Standards Work - in no particular order. The completion dates for each item indicate a relative priority. Below is a description of each category of activity.

1. Contracts: Three standards development activities for contracts are defined and underway. All three are related to the purchases and sales of natural gas - completion of the changes to the short-term contract, development of the short-term contract in electronic form and development of the long-term contract. Both the development of the long-term contract and the development of the electronic version of the short-term contract can be done directly following the completion of the changes to the short-term contract. In addition, there should be investigation and determination if a model financial hedging agreement and a transportation agreement can be developed.
2. Electronic Delivery Mechanism and Related Activities: Performance, reliability and security issues were the focus of a report issued from the U.S. Department of Energy's Sandia National Laboratories regarding a GISB standards surety assessment. Several suggestions for enhancing GISB standards were made in the assessment, which GISB will consider for implementation. The review and/or modification of GISB EDM security standards, including the determination of whether to develop a web-based public key repository is an outcome of report.

Interoperability is crucial to the ensuring that an individual on a computer can successfully access and operate multiple web sites. To achieve interoperability, GISB standards should



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not define conflicting specifications so that accessing one web site ensures that other web sites are inoperable. Specifically, a plan should be developed for addressing versioning issues – which may result in new standards or standard modifications.

Extensible Mark-up Language (XML) is a tag-based framework used primarily to exchange data in a universally understood format. It could be used as a vehicle for exchanging information in a batch (similar to EDI) or online (interactive web site) mode. XML is gaining in popularity -- several standards groups have undertaken its review, and some have endorsed its use. GISB would prepare and carry out a plan, the end result of which would be to answer the questions: “Should GISB develop standards using XML, and if so, should GISB proceed in consideration of a pilot transaction?”

3. Standards Implementation: Several completed business practice standards for FERC Order No. 637 require technical implementation standards to be developed or modified in order for the activity to be considered fully staffed. In addition, our ANSI ASC X12 EDI standards are being reviewed for the need to migrate to a new version of the ANSI standards.
4. Provisional Activities: The GISB Board of Directors may consider whether it is in the organization's interest to consider evolving from the "Gas" Industry Standards Board to the "Energy" Industry Standards Board, as a carry-over Board activity from 2000. As such, some of the activities denoted under the “Provisional Activities” category will require Board approval and in some cases, Board action.

The activities include the investigation of the development an “energy day” standard and consistent changes to existing GISB standards. For gas retail standards, a development plan should be prepared for review and approval by the Board. For the determination of whether GISB will become part of an energy industry standards board, the Board will continue its review and consideration. If the Board does determine to go forward, a plan should be prepared by the stakeholders of the new organization. All stakeholders including previous GISB members should be asked to draft input for this planning process.

5. Program of Standards Maintenance and Fully Staffed Standards Work: This is an ongoing effort to maintain existing business practice standards, information and technical standards, and implementation guides and standards manuals. Version 1.5 of the standards should be published in the first quarter 2001.



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GAS INDUSTRY STANDARDS BOARD 2001 ANNUAL PLAN

Item Description	Completion ¹	Assignment ²
Contracts		
1 Modify the short-term base contract for purchase and sales of natural gas based on several years' use Status 8/23/01: the conceptual language has been determined and the contract language changes have been included in the document. The amendment for Candian transactions is being reviewed.	1 st Qtr	EC
2 Build an electronic contract from the short-term base contract for purchase and sales of natural gas. Status 8/23/01: Although this has not started pending item 1, some initial work is being done on the contract to prepare it for a pilot test using XML.	3 rd Qtr	EC
3 Contracts Request No. R98019 - Development of a Standard/Model Long Term Base Contract for Purchase and Sales of Natural Gas. Status 8/23/01: Although this has not started pending item 1, the group is organized as a result of working on the short term contract, and several items have been discussed in that group and put aside for further determination when this item is considered. It is expected that the contracts subcommittee will begin on this item in September.	4 th Qtr	EC
4 Determine if a standard transportation services agreement is needed and if so, develop it. Status 8/23/01: This item will be considered after the completion of item 3.	4 th Qtr	EC
5 Determine if a model financial hedging agreement is feasible and if so develop a model financial hedging agreement. Status 8/23/01: This item will be considered after the	4 th Qtr	EC

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 ² The groups indicated in the assignment column can forward the action item to an existing subcommittee or create a subcommittee or task force for completion of the item.



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Item Description	Completion ¹	Assignment ²
completion of item 3.		
Electronic Delivery Mechanisms and Related Activities		
6 Develop plan to consider surety assessment recommendations based on the Sandia National Laboratories. Implement those that are determined needed, including changes to existing GISB standards.	3 rd Qtr	EC
Status 8/23/01: The plan has been developed, including the changes recommended as a result of subcommittee review and consideration. The recommended changes will be reviewed by the Executive Committee and the report will be reviewed by the Editorial Review Board before the recommended standards changes are sent out for industry comment. The effort is on schedule.		
7 Develop plan to address “versioning” and other interoperability issues, and implement action items, including changes to existing GISB standards	3 rd Qtr	EC
Status 8/23/01: The versions are addressed in the minimum guidelines under consideration and in the GISB responses and recommended standard changes in response to the Sandia Surety Assessment.		
8 Develop XML plan and complete action items, including consideration of a pilot transaction.	4 th Qtr	EC
Status 8/23/01: The plan has been developed, and the pilot test is being designed for the short term base contract and for scheduling transactions.		
Standards Implementation		
9 Complete the implementation of FERC Order No. 637 standards.	2 nd Qtr	EC
Status 8/23/01: Work is underway by the Information Requirements Subcommittee and the Technical Subcommittee to complete the FERC Order No. 637 items.		
10 Continue review against plan for migration to ANSI ASC X12 new versions as needed.	4 th Qtr	EC
Status 8/23/01: The ANSI Subcommittee considers the ANSI ASC X12 versions as needed.		
Provisional Activities		
11 Examination, report and determination of if an “energy day” standard is needed, including assessment of changes to existing GISB standards.	3 rd Qtr	Board/EC



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Item Description	Completion ¹	Assignment ²
<p>Status 8/23/01: This activity would not begin until the determination of whether an EISB will be created, and if so, how GISB would fit into such an organization.</p>		
12 Prepare development plan for gas retail standards.	2 nd Qtr	Board/EC
<p>Status 8/23/01: This activity would not begin until a request has been received to develop retail gas standards.</p>		
13 Consider establishment of an Energy Standards Board, which would encompass GISB, its products and ongoing work.	Ongoing	Board
<p>Status 8/23/01: A board task force has been established and is actively working on this item.</p>		
<p>Program of Standards Maintenance & Fully Staffed Standards Work ³</p>		
Business Practice Requests	Ongoing	EC
Information Requirements and Technical Mapping of Business Practices	Ongoing	EC
Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	EC
Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	EC

- Notes: (1) Priority is given to action items that are carry-overs from the 2000 Annual Plan.
 (2) Any new activity should be preceded by a request from the submitter (action items nos. 4 and 5).

³ This work is considered routine maintenance and thus the items are not separately numbered.



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GAS INDUSTRY STANDARDS BOARD OPERATING PRACTICE ANNUAL PLAN PROCESS, CHARACTERISTICS, IMPLEMENTATION AND RESPONSIBILITIES

PLAN CHARACTERISTICS

The Annual Plan has the following characteristics and any changes to the Annual Plan will maintain these characteristics:

1. Focus and prioritization of GISB activities: The annual plan provides a clear focus on specific activities with a prioritization defined. The activities defined should have high expectation of implementation. The annual plan will be focused on the standards development and maintenance, and interpretation development efforts of the organization.
2. Resource application to GISB efforts: The annual plan recognizes that the member company resources to work on GISB efforts are limited. The efforts defined for activity by GISB should not exceed those limits by spreading the resources so thin that the assurance of success is affected.
3. Alignment of efforts to assure coordination of intent: It is the intent of the Board of Directors and the Executive Committee that their objectives coincide. The Board of Directors and the Executive Committee will direct GISB work through the annual plan so that those intents are aligned and the annual plan efforts are realized.
4. Timetable for efforts: The work of GISB is defined with a specific timetable during which consensus can be reached. If consensus is not reached within that timetable, avenues other than GISB can be pursued.

IMPLEMENTATION OF THE ANNUAL PLAN

1. Recognition of time constraints of development efforts -- the plan provides focus with no more than 5 to 10 major efforts identified, with deadlines for completion, which serve as prioritization. The development efforts, deadlines, and priorities are identified in the Annual Plan. If one of the approved efforts is completed during a year, a new effort could be added if approved by the Board of Directors in consultation with the officers of the Executive Committee.



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2. Empowerment of the chairs at subcommittee and task force meetings -- chairs are empowered to limit discussions when necessary, call items out of order when applicable, follow agendas closely, and in general exert more control so that the time participants spend in meetings is more effective.
3. Efforts are "implementable" -- each effort should have a reasonable expectation that consensus can be reached, with clear deadlines established for completion. The deadlines provide an incentive to all industry participants to reach closure. For each Board meeting, these deadlines will be reviewed with the progress made to date by the subcommittees. The deadlines, as with any other parameter established in the Annual Plan, cannot be changed without Board approval. If a deadline is missed, the Board, in consultation with the officers of the Executive Committee, will determine whether the work should be continued, put on hold or transferred to another venue.
4. Modifications to existing standards and new standards that are requested which come through the request process should reflect a broad industry need. As prioritization occurs, a primary parameter should be how many companies or segments need this standard or standard change. Industry efforts to implement standards that affect only a few companies should be severely limited.

BOARD OF DIRECTORS RESPONSIBILITIES TO THE PLAN

1. Progress toward completion of the plan will be reviewed by the Board quarterly with the officers of the Executive Committee.
2. The deadlines in the Annual Plan, as with any other parameter established in the Annual Plan, cannot be changed without Board approval. When a deadline is reached before the item is completed, the Board, in consultation with the officers of the Executive Committee, will determine whether the work should continue, be postponed or transferred to another venue.
3. Any changes or additions to the annual plan items, including those requested by government agencies or commissions, must first be presented to the Board for its consideration, prioritization and approval.
4. The Board will review monthly progress reports on the Annual Plan to determine if any changes are necessary.



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5. The Chairman of the Board of Directors will request that each segment by September name one Board member and one EC member to a task force to develop the subsequent year's annual plan.

EXECUTIVE COMMITTEE RESPONSIBILITIES TO THE PLAN

1. The Executive Committee should strive to complete the items set forth in the Annual Plan in the times specified. When a deadline is reached before the item has completed, the Executive Committee will recommend to the Board for the Board's determination of whether the work should continue, be postponed or transferred to another venue.
2. The officers of the Executive Committee will brief the Board at each Board meeting on the progress made towards completing each item on the Annual Plan.
3. There will be boundaries on the time spent in modifying standards, which will be controlled by the Executive Committee through its setting of meeting dates for the subcommittees addressing maintenance issues.
4. A key element in determining priority for maintenance issues is the number of companies or segments needing the modifications requested. The Triage Group recommendations to the Executive Committee will include priorities/dates and possible changes to other priorities such that the workload in maintenance is reasonable considering the other items included in the plan.

GISB OFFICE RESPONSIBILITIES TO THE PLAN

1. The GISB office will prepare the progress report to the Board of Directors for each Board meeting in consultation with the officers of the Executive Committee and other subcommittee chairs as appropriate.
2. The Executive Director will be an active participant in subcommittee and task force meetings that he or she attends, acting as a liaison to the Board of Directors.



GAS INDUSTRY STANDARDS BOARD OPERATING PRACTICE

POWERS AND DUTIES OF SUBCOMMITTEE AND TASK FORCE CHAIRS

Chairs of committees, subcommittees and task forces undertake responsibilities in assuming their roles as presiding officers. The GISB organization is appreciative of the significant leadership efforts that are assumed when individuals agree to serve as chairs.

Chairs act as representatives of the Executive Committee in discharging its responsibilities with respect to the organization's purposes. The annual plan adopted by the Board of Directors sets forth GISB's priorities for the year in question, and the chairs are strictly charged by the Board and the Executive Committee to ensure that the subcommittees and task forces are directed to the end of accomplishing the annual plan. As such, chairs are empowered to take any actions necessary to ensure that the discussion is timely, effective, and focused on matters consistent with the plan, including, but not limited to setting and enforcing deadlines for debate, ruling items out of order, and otherwise supervising the progress of the meetings for which they are responsible.

The principles below are in full accordance with normal rules of order for groups following the democratic principles of parliamentary procedure.

1. The chair's role is that of serving the assembly, striving for fair play among the participants, trying to ascertain the participants' and the organization's intent, and providing guidance for the fulfillment of the intent of the organization as a whole. The organization's intent is reflected in the annual plan.
2. Presiding officers of a meeting should remain impartial and objective. If a motion is made, and the chair wishes to advocate a particular position, he or she should ask another officer to act as chair during the discussion. After the discussion, the chair should resume his or her role as the presiding officer.
3. The chair should not permit participants to speak at will, offer alternative main motions when a main motion is already under consideration, interrupt speakers or claim the floor without first being recognized by the chair.



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4. The chair should refuse to allow participants to claim the floor several times before others have had their first opportunity to speak.
 5. The chair is empowered to limit discussions when necessary and call items out of order if not on the agenda of the meeting.
 6. The chair is to guide the participants to follow the agenda and to meet the goals established for that agenda and to realize the organization's intent. The organization's intent is reflected in the annual plan.
 7. It is the responsibility of the chair to guide the participants so that the time spent in the meeting is effective, meets the goals of the organization, and addresses the items on the agenda.
 8. The chair should ensure that the agenda for the meeting is in agreement with the intent of the organization as a whole.
 9. The chairs are empowered to limit discussion to the named members of the committee, task force or group. They are also empowered to name members of subgroups to act on specific issues. While all GISB meetings are open, chairs can restrict discussion in the meetings to the named members of the groups.
 10. The chairs should ensure that draft minutes of the meetings and any exhibits (including any work papers and alternative proposals) are prepared as soon as reasonably possible as provided in the GISB Operating Practices.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

6. FINANCE REPORTS

- In this section you will find the 2001 Finance Report as of July 31, 2001.
- Ms. McQuade and Ms. Wishart will review the finance reports and answer questions.



Gas Industry Standards Board

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TO: GISB Board of Directors
FROM: Rae McQuade, Executive Director
RE: Variance Report - July 31, 2001
DATE: September 5, 2001

Attached is the variance report as of July 31, 2001 based on the approved budget and the accrual based actuals.

Revenue Accounts	2001 Budget	Jul YTD Budget	Jul YTD Actuals	Variance YTD	Expected YE	Variance YE
Membership Dues	\$760,000	\$750,000	\$755,418	\$5,418	\$774,918	\$14,918
Certification	\$22,500	\$15,000	\$22,500	\$7,500	\$30,000	\$7,500
Courses & Meetings & Products	\$70,000	\$27,500	\$58,252	\$30,752	\$90,841	\$20,841
Advertising	\$25,000	\$13,000	\$0	(\$13,000)	\$5,000	(\$20,000)
TOTAL	\$877,500	\$805,500	\$836,170	\$30,670	\$900,759	\$23,259
Expense Accounts						
Salaries, Benefits & Taxes	\$415,000	\$261,364	\$245,577	(\$15,787)	\$400,577	(\$14,423)
Office Rents	\$45,000	\$26,250	\$28,473	\$2,223	\$47,292	\$2,292
Office Expenses	\$40,000	\$23,333	\$29,083	\$5,750	\$46,583	\$6,583
Telecommunications	\$55,000	\$32,083	\$28,246	(\$3,837)	\$50,746	(\$4,254)
Travel & Meetings	\$110,000	\$64,167	\$59,937	(\$4,230)	\$119,937	\$9,937
Publications	\$60,000	\$35,000	\$27,619	(\$7,381)	\$54,119	(\$5,881)
Outside Services	\$120,000	\$70,000	\$75,115	\$5,115	\$125,115	\$5,115
Insurance	\$10,000	\$5,833	\$3,234	(\$2,600)	\$6,365	(\$3,635)
Other (Contingency)	\$0	\$0	\$0	\$0	\$0	\$0
Capital Expenditures	\$20,000	\$10,000	\$0	(\$10,000)	\$20,000	\$0
TOTAL	\$875,000	\$528,030	\$497,283	(\$30,747)	\$870,733	(\$4,267)



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General Summary:

The revenue collected is slightly higher than budgeted (3.8%) and the revenues generated for recently held courses made up for a loss in revenue on advertising. We expect to hold a slight increase in revenues generated by year-end of \$23,259 – a 2.7% increase.

The expenses year-to-date are 5.8% under budget or \$30,747 less than originally planned. However, some of the savings will be offset by expenses in the outside services category and travel expenses. There was a reclassification of some publication expenses to office expenses, to properly account for charges incurred during the year. The net effect to both accounts is negligible. The yearend estimates do not vary significantly from the original budget – less than 1%.



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Balance Sheet- Accrual - As of July 31, 2001

Assets

Current Assets

Checking/Savings	\$173,513
Accounts Receivable	\$83,600
Other Current Assets	\$17,541
Total Current Assets	\$274,654

Fixed Assets	\$20,419
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Total Assets **\$295,073**

Liabilities and Equity

Current Liabilities

Accounts Payable	\$21,078
Other Current Liabilities	\$66,866
Total Current Liabilities	\$87,944

Equity

Retained Earnings	\$-131,760
Net Income	\$338,889
Total Equity	\$207,129

Total Liabilities and Equity **\$295,073**



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Accounts Receivable Aging Report Accrual Based, As of July 31, 2001

Accounts Receivable	\$83,600
<hr/>	
Accounts Receivable Related to 2001 Dues	\$80,000
- Receivables related to 2001 membership dues paid after July 31, 2001	\$25,000
- Credit Memos issued on dues represented in the Accounts Receivable after July 31, 2001 ¹	\$15,000
- Dues less than one month late	\$30,000
- Dues one month late on 7/31/01, two months late on 8/31/01 ²	\$10,000
<hr/>	
Accounts Receivable Not Related to 2001 Dues	\$3,600
- Courses Revenue Paid after 7/31/01	\$3,600
- Other Receivables	\$ 0

¹ AEP Energy Services, Excelergy and Utility Partners declined membership in 2001 through defaulting on dues payment – more than 90 days late. After further conversations with AEP and Excelergy, it is our understanding that they should be renewing. Once payment is received, they will be reinstated as members.

² The members that were one month late in dues on July 31 and are now two months late are US Power Solutions and Merchant Energy. Ms. Garcia is contacting them to see if they intend to renew membership.



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Home Page: www.gisb.org

Revenues and Expenses - Accrual - As of July 31, 2001

	<u>YTD 2001</u>	<u>YTD 2000</u>
Income		
Membership Dues	\$755,418	\$722,698
Certification	\$22,500	\$15,000
Courses & Meetings & Products	\$58,252	\$16,676
Advertising	\$0	\$21,900
Gross Profit	\$836,170	\$776,274
Expense		
Salaries, Benefits & Taxes	\$245,576	\$229,266
Office Rents	\$28,473	\$24,616
Office Expenses	\$29,082	\$30,303
Telecommunications	\$28,246	\$31,723
Travel & Meetings	\$59,937	\$55,852
Publications	\$27,619	\$25,753
Outside Services	\$75,115	\$81,724
Insurance	\$3,233	\$2,650
Total Expense	\$497,280	\$481,888
Net Income	\$338,889	\$294,386



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

7. 2001 MEMBERSHIP REPORT

- Attached is the most recent membership report for the GISB organization.
- Ms. Garcia and Ms. McQuade will update the Board on the efforts to attract new members and maintain existing membership.

Gas Industry Standards Board

Member List 2001

Prepared August 23, 2001

End Users

- 1 ANP Marketing Company
- 2 Arizona Public Service Company
- 3 Boeing Co.
- New** 4 Calpine Energy Services, LP
- 5 Comprehensive Energy Services
- 6 Defense Energy Support Center
- 7 Department of Energy
- 8 Edison Mission Marketing and Trade
- 9 El Paso Merchant Energy
- 10 Entergy Services, Inc.
- New** 11 Exelon Generation Company LLC
- 12 Florida Power & Light Company
- 13 GPU Energy
- 14 Imperial Irrigation District
- New** 15 Lower Colorado River Authority
- 16 Midland Cogeneration Venture
- 17 PPL EnergyPlus
- 18 PSI -- Cinergy Services, Inc.
- 19 Reliant Energy HL&P
- 20 Salt River Project Agricultural Improvement & Power District

Producers

- 1 BP Amoco Corporation
- 2 Burlington Resources
- 3 Chevron U.S.A. Production
- 4 Coastal Oil & Gas
- 5 Conoco, Inc.
- 6 Dominion Exploration and Production, Inc.
- 7 ExxonMobil Gas Marketing
- 8 Marathon Oil Company
- 9 Occidental Energy Marketing Inc. (OEMI)
- 10 PanCanadian Petroleum
- 11 Texaco Natural Gas, Inc.

LDCs

- 1 Ameren Corporation
- 2 Baltimore Gas & Electric Co.
- 3 Columbia Gas Distribution Co.
- 4 ConEdison
- 5 Dominion -- Consolidated Natural Gas
- 6 Equitable Gas Company
- 7 Key Span Energy
- 8 Laclede Gas Co.
- 9 Michigan Consolidated Gas Co.
- 10 National Fuel Gas Distribution
- 11 Nicor Gas
- 12 NiSource Inc.
- 13 Northwest Natural Gas Company
- 14 Oklahoma Natural Gas Company
- 15 Pacific Gas & Electric
- 16 PECO Energy Co.
- 17 Peoples Gas Light & Coke Co.
- 18 Providence Gas Co.
- 19 Public Service Electric & Gas
- 20 Southern California Gas Co.
- 21 Southwest Gas Corporation
- 22 Washington Gas Light Co.
- 23 Westfield Gas & Electric Light Dept.
- 24 Wisconsin Gas Company
- 25 Wisconsin Public Service

Gas Industry Standards Board
Member List 2001
Prepared August 23, 2001

Pipeline

- 1 ANR Pipeline Company
- 2 CMS Panhandle Eastern Pipe Line Co.
- 3 CMS Trunkline Gas Company
- 4 Colorado Interstate Gas Co.
- 5 Columbia Gas Transmission
- 6 Columbia Gulf Transmission Co.
- New** 7 Dauphin Island Gathering Partners
- 8 Dominion Transmission, Inc.
- 9 Duke Energy Gas Transmission - Algonquin
- 10 Duke Energy Gas Transmission - Texas Eastern
- 11 El Paso Energy Pipeline Group
- 12 Equitrans LP.
- 13 Florida Gas Transmission Co.
- 14 Great Lakes Gas Transmission
- 15 Gulf South Pipeline
- 16 HS Resources Inc.
- 17 Iroquois Gas Transmission System
- 18 Kansas Pipeline Company
- 19 Mid Continent Market Center
- 20 Mid Louisiana Gas Company
- 21 Mississippi River Transmission
- 22 National Fuel Gas Supply Corp.
- 23 Natural Gas Pipeline Co of America
- 24 Northern Border Pipeline Co.
- 25 Northern Natural Gas Co.
- 26 NOVA Gas Transmission Ltd.
- 27 Pemex Gas y Petroquimica Basica
- 28 PG&E Gas Transmission
- 29 Portland Natural Gas Transmission System
- 30 Questar Pipeline Co.
- 31 Reliant Energy Gas Transmission Company
- 32 Sabine Pipe Line Company
- New** 33 SCANA Corporation
- 34 Shell Gas Transmission, LLC
- 35 Southern Natural Gas Co.
- 36 Tennessee Gas Pipeline
- 37 TransCanada Pipelines
- 38 Transwestern Pipeline Co.
- 39 TXU Lone Star Pipeline Company
- 40 Vector Pipeline L.P.
- 41 Viking Gas Transmission Company
- 42 Westcoast Energy Inc.
- 43 Williams Gas Pipeline
- 44 Williston Basin Interstate Pipeline

Services

- New** 1 AIG Energy Trading
- 2 Altra Energy Technologies, L.L.C.
- 3 Aquila Energy
- 4 British Columbia Power Exchange Corp.
- 5 BTUWatch.com
- 6 Caminus
- 7 CapacityCenter.com
- 8 CGI Group
- New** 9 ChooseEnergy
- New** 10 Cinery Marketing and Trading
- 11 Coral Energy Resources, L.P.
- 12 DTE Energy Trading, Inc
- 13 Dynegy Inc.
- New** 14 EC Power International
- 15 Elite Computer Consultants
- 16 Energy Solutions International
- New** 17 Energy Value Chain
- New** 18 Enesys
- 19 Enron Administrative Services Corp.
- 20 Enron North America
- New** 21 Explore Interactive
- 22 GE Global Exchange Services
- 23 Group 8760, LLC
- 24 Hatch Associates Limited
- 25 IBM Corporation
- New** 26 Iconixx Corp.
- 27 IDACORP Energy
- 28 Internet Commerce Corp.
- 29 IPNet Solutions, Inc.
- 30 Latitude Technologies
- New** 31 Logica
- New** 32 Lymeware Corporation
- 33 Merchant Energy Group of the Americas, Inc.
- 34 Merrill Lynch Capital Services, Inc.
- 35 Mirant Americas Energy Marketing
- 36 Northeast Gas Markets, LLC
- 37 NrG Information Services, Inc.
- 38 PanCanadian Energy Services, Inc.
- 39 Pepco Gas Services
- 40 PG&E Energy Trading
- New** 41 PGP Security -- Network Associations
- 42 Proxicom, Inc.
- 43 Reliant Energy Services, Inc.
- 44 Resource Data International
- 45 Sterling Commerce
- 46 Systrends, Inc.
- New** 47 Tiger Natural Gas
- 48 Tractebel Energy Marketing, Inc.
- 49 TXU Energy Trading Co.
- 50 U.S. Power Solutions Corporation
- 51 Williams Energy Services Co.
- 52 U.S. Power Solutions Corporation

**Gas Industry Standards Board
Member List 2001
Prepared August 23, 2001**

53 Williams Energy Services Co.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

8. OTHER BUSINESS

- A ballot is attached for notational votes for Board members who are not able to attend the meeting in person.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
SEPTEMBER 19, 2001**

**Board of Directors September 19, 2001 Meeting
Notational Ballot**

Vote	Recommendation
<input type="checkbox"/>	Sunset Provision Resolution 1
<input type="checkbox"/>	Sunset Provision Resolution 2
<input type="checkbox"/>	EISB Provision 1
<input type="checkbox"/>	EISB Provision 2a
<input type="checkbox"/>	EISB Provision 2b
<input type="checkbox"/>	EISB Provision 2c

Director's Signature:

Date:

***Please return this ballot to the GISB Office (713) 356-0067
by End of Business September 18, 2001
if you are unable to attend the meeting.***