



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

**Gas Industry Standards Board
Board of Directors Meeting
December 7, 2000**



TABLE OF CONTENTS

- Tab 1. Welcome & Opening Remarks**
- Meeting Announcement
 - Members of the Board of Directors & Terms
 - Antitrust Guidelines
 - Agenda
- Tab 2. Draft Minutes of September 27, 2000**
- Tab 3. Retail Gas & Electric and Wholesale Electric Standards Development**
- Tab 4. GISB Annual Plan 2000 and 2001 Draft Plan**
- Tab 5. Finance Report and 2001 Draft Budget**
- Tab 6. Membership Report**



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

1. WELCOME AND OPENING REMARKS

- The meeting specifics are:

WHERE: Houston Airport Marriott Hotel
George Bush Intercontinental Airport Complex
18700 John F. Kennedy Boulevard
Houston, Texas 77032
Phone: 281-443-2310

WHEN: Thursday, December 7, 2000
1:00 p.m. to 4:00 p.m. central

The hotel is located in the George Bush Airport complex (previously named Houston Intercontinental Airport) for the convenience of the Board members traveling to Houston, and can be reached from any of the four terminals through the airport transportation system. 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.

- For further assistance please reach:

Veronica Thomason at (713) 356 - 0060

- The officers presiding over the Executive Committee meeting are:

Stan Horton	- Chairman
Bill Boswell	- First Vice Chairman
Hugh Roberts	- Second Vice Chairman & Treasurer
Rae McQuade	- Executive Director & Secretary

- The legal representation for GISB is provided by:

Jay Costan	- GISB General Counsel
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Gas Industry Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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

Home Page: www.gisb.org

GAS INDUSTRY STANDARDS BOARD 2000 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
Vicky Bailey	President, PSI Energy, Cinergy Services Corp.	Dec 31, 2001
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	Dec 31, 2000
Jim Templeton	Principal, Comprehensive Energy Services	Dec 31, 2000
LDC Segment		Term End:
Bill Boswell	Deputy General Counsel, Dominion Resources	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, 2000
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co	Dec 31, 2000
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 Gas Pipeline Group	Dec 31, 2000
Ron Mucci	Senior Vice President Shared Services, Williams Gas Pipeline	Dec 31, 2000
Bob Reid	Senior Vice President, Colorado Interstate Gas & American Natural Resources	Dec 31, 2000
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
Hugh Roberts	Manager of Industry and Regulatory Affairs, Marathon	Dec 31, 2001
Abigail Bailey	Regulatory Manager, Texaco Natural Gas	Dec 31, 2000
Pete Dickson	Manager, North America - East, ExxonMobil Gas Marketing Company	Dec 31, 2000
Services Segment		Term End:
Julie Gomez	Vice President, Enron Capital & Trade Resources	Dec 31, 2001
Greg Lander	Principal, CapacityCentral.com	Dec 31, 2001
Steve Bergstrom	President & COO, Dynegy Marketing and Trade	Dec 31, 2000
Lyn Maddox	President & CEO, PG&E Energy Trading	Dec 31, 2000
Marty Patterson	General Manager Marketing Operations, IDACORP Energy Solutions	Dec 31, 2000

Stan Horton is serving as chairman of the Board of Directors, Bill Boswell is first vice-chair, and Hugh Roberts is second vice-chair and treasurer. Rae McQuade as Executive Director serves as secretary.



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GAS INDUSTRY STANDARDS BOARD 2000 EXECUTIVE COMMITTEE TERMS

End User Segment		Term Ending:
Diane McVicker	Principal, Fuel Supply Analyst, Salt River Project	Dec 31, 2002
Bill Hebenstreit	Vice President Contract Services, El Paso Merchant Energy	Dec 31, 2002
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	Dec 31, 2001
Dona Gussow	Contracts Coordinator, Florida Power and Light	Dec 31, 2000
Tina Patton	Natural Gas Operations Administrator, Boeing	Dec 31, 2000
LDC Segment		Term Ending:
Bob Betonte	Pipeline Products Manager, Southern California Gas	Dec 31, 2002
Dolores Chezar	Manager, Federal Regulation, KeySpan Energy	Dec 31, 2002
Chris Maturo	Manager, Energy Access System Project, NIPSCO Industries	Dec 31, 2001
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Dec 31, 2000
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY	Dec 31, 2000
Pipeline Segment		Term Ending:
Mark Gracey	Consultant - Business Processes, Tennessee Gas Pipeline Co.	Dec 31, 2002
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	Dec 31, 2002
Dale Davis	Team Leader, Williams Gas Pipelines	Dec 31, 2001
Paul Love	Director, Electronic Customer Services, NGPL	Dec 31, 2000
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipeline	Dec 31, 2000
Producer Segment		Term Ending:
VACANCY		Dec 31, 2002
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Dec 31, 2002
Scott Brown	Manager, Supply & Transportation Support, Marathon Oil	Dec 31, 2001
Richard Smith	Director, Regulatory Affairs, ExxonMobil	Dec 31, 2000
Michael Johnson	Area Manager-Transportation and Regulatory, Chevron	Dec 31, 2000
Services Segment		Term Ending:
Mark Scheel	Manager Governmental Affairs, Dynegy Inc.	Dec 31, 2002
Carl Caldwell	Director, Consulting Services, CGI	Dec 31, 2002
Sylvia Munson	CIO, PanCanadian Energy Services	Dec 31, 2001
Jim Buccigross	Vice President, Group 8760	Dec 31, 2000
Keith Sappenfield	Director Marketing Support, Reliant Energy	Dec 31, 2000



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
DECEMBER 7, 2000**

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.



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TO: GISB Board of Directors
FROM: Rae McQuade, Executive Director
RE: Draft Agenda for Board Meeting - December 7, 2000
DATE: November 17, 2000

As previously published, our last Board meeting in 2000 will be held on December 7 from 1:00 p.m. to 4:00 p.m. The meeting will be in the airport area for the convenience of those members traveling to Houston. The meeting specifics are below, and draft agenda follows.

WHERE: Houston Airport Marriott Hotel, George Bush Intercontinental Airport
18700 John F. Kennedy Boulevard
Houston, Texas 77032
Phone: 281-443-2310

WHEN: Thursday, December 7, 2000
1:00 p.m. to 4:00 p.m. Central

The hotel is located in the George Bush Airport complex (previously named Houston Intercontinental Airport) for the convenience of the Board members traveling to Houston, and can be reached from any of the four terminals through the airport transportation system. Coffee service will be available during the meeting.

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

Marriott Airport Hotel, 18700 JFK Boulevard, Houston, Texas

Thursday, December 7 - 1:00 p.m. to 4:00 p.m.

DRAFT AGENDA

- 1:00 p.m.
1. Welcome & Administrative Items
 - Antitrust Guidelines
 - Agenda Adoption
 2. Adoption of Minutes from September 27, 2000
 3. Retail Gas & Electric and Wholesale Electric Standards Development Consideration.
 - Report from the Industry Wide Meeting
 - Recommendations from the Task Force
 4. Annual Plan
 - 2000 Plan Update
 - FERC Order No. 637 Progress
 - 2001 Plan Discussion and Vote
 5. Finance Reports
 - Current Year Financials
 - 2001 Budget Discussion and Vote
 6. 2000 Membership Report
 7. Other Business
- Adjourn



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

2. ADOPTION OF MINUTES

- The minutes of September 27, 2000 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 – September 27, 2000
DATE: September 27, 2000

GAS INDUSTRY STANDARDS BOARD GISB BOARD OF DIRECTORS MEETING

**The Menger Hotel, San Antonio, Texas
September 27, 2000
DRAFT MINUTES**

1. Opening Remarks

Mr. Horton opened the Board of Directors meeting and welcomed the Board members, speakers and observers to the meeting. Mr. Karns was welcomed as the new Board member. Mr. Costan gave the antitrust advice. The agenda was adopted with no changes.

2. Adoption of Minutes

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

3. Retail Marketing Report

Mr. Horton reported on the development of the strawman. The board task force¹ recommends that the Board discuss this strawman at the September Board meeting, and approve the strawman report for the purposes of discussion with interested parties. The discussion would address the possibility of either GISB expanding its scope to address standards for the electric industry or the establishment of a new organization along the lines of the strawman into which current GISB resources, work efforts and existing standards would be transferred. The task force was commended on its work product. Below are several of the comments made during the discussion, which are grouped by topic.

- General:

Concerns that were raised earlier on gas/electric balance and structure have been answered, and regulatory support can only be supported through market reactions and support. The 2001 annual plan and how robust will it be should factor into the board

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



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decisions on the strawman – which leads to December as an appropriate time for a board vote on the strawman.

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

- Concerns:

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

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

- Regulatory Support:

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

- Determinants of Industry Support:

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

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

- Board Actions & Plans:

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

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



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

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

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

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

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

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

4. Annual Meeting

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

5. Annual Plan

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

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



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Item no. 4, "Interoperability Survey", is complete. The Executive Committee at its next meeting will assign the compilation of the survey to a subcommittee. The compilation of these results should drive the completion of item no. 6, "Review and modify GISB web standards based on interoperability issues". It should be substantially complete by the end of the year.

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

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

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

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

6. Financial Reports

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



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7. Membership

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

8. Adjournment

The meeting adjourned at 10:55 a.m.



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9. Attendance

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



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Presenters:	Jim Buccigross	Group 8760, Chairman 2000 Executive Committee
Administrative:	Rae McQuade	Executive Director
	Jo Ann Garcia	GISB Staff
	Veronica Thomason	GISB Staff
	Jay Costan	McGuire Woods Battle & Boothe, General Counsel
	Laurie Paulson	Hoffman Paulson Associates

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



GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000

3. RETAIL GAS & ELECTRIC AND WHOLESALE ELECTRIC STANDARDS DEVELOPMENT

- The Board will discuss the meetings held with various groups regarding the Strawman developed by the task force. **The Board may be asked to take action on its recommendation, endorsing the actions taken to date, which would require a simple majority vote.** It is unlikely that the Board will consider action at this meeting which would require changes to our governance documents and would require a super-majority "19/2"¹ vote.
- Edison Electric Institute has provided comments for your review (included). Other groups may also provide comments prior to the board meeting. Should the office receive additional comments, they will be forwarded to Board members immediately and posted on the GISB web site.

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 affirmative votes are required from each segment.



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TO: Board Task Force on Energy Standards Board Consideration
FROM: Rae McQuade
RE: Association and Agency Meetings Held to Review the Model for an Energy Standards Board - November 6-9, 2000 & November 20, 2000
DATE: November 20, 2000

Dear Task Force Members,

Between November 6 and November 9, Jim Templeton, Marty Patterson and I, with the help of others from Reliant Energy and PG&E, visited several trade associations and government agencies to review the model for an energy standards board and solicit comments. Below is a summary of those meetings. Further written comments may be provided from these groups prior to the Board meeting on December 7. On November 20, Jim Templeton, Jim Buccigross and I held a conference call with NERC. Also on November 20, the board task force met to review this report and determine recommended actions for the Board at its December 7 meeting.

In the various meetings, we explained the model, noted that the Board has not endorsed the model, but has endorsed its distribution for discussion and the Board will further discuss the model at its Board meeting on December 7. We also noted that originally a vote was expected on December 7 to formally endorse or reject the model, however, it was probable that the vote would be delayed to the March 2001 Board meeting.

In general, there was strong support for the model and its principles. Several issues were highlighted by more than one of the associations: (1) duplication of effort with NERC's market interface committee and eventually NAERO, (2) splitting the services segment in two (marketers and technologists) versus maintaining the services segment as is to not dilute the influence of the other segments, and (3) retail is truly a joint gas/electric effort and should be represented as such versus gas and electric issues should be assumed separate and brought together when it was determined that the issue was commodity neutral. Smaller organizations had concerns on how they could participate - anticipating that the time commitment and expenses would be significant. Item 1, "Duplication of effort with NERC's market interface committee and eventually NAERO," was discussed at length with NERC.

Below is a brief summary of each meeting. Please feel free to call us if you have any questions or need further information.

Electric Power Supply Association (EPSA)

Attendance: Mark Bennett of EPSA, EPSA attendees including Scott Brown of Excelon, Ann Denison of Williams and Susan Ginsberg of Coastal. Attending from Reliant was Chris Giblin and from PG&E was Jack Hawks. GISB - Rae McQuade and Jim Templeton.

Overall Summary: While the organization was not prepared to offer formal comments, they were general supportive and very supportive of the openness and balance. They voiced concerns on the relationship of this new organization with NERC.

Points: Specific points made were:

- Change organization to reflect three separate and independent business practices bodies or Executive Committees for gas wholesale, electric wholesale and gas/electric retail. (S. Brown)
- Change organization to reflect six segments -- separate marketers from the rest of services. (J. Hawks)



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- In the model, clearly specify where RTOs and ISOs fit into the organization. (M. Bennett)
 - In the model description, add a section to define how seams issues are addressed -- between market standards and reliability standards (for example NERC is addressing electric standards for scheduling and tagging). (M. Bennett)
 - In the model description, add a section to define how seams issues are addressed -- between gas wholesale, electric wholesale and retail standards. (S. Brown)
 - In the model description, add section to define coordination between NERC (or NAERO) and the energy standards board. (M. Bennett)
 - The model should recognize that consumer groups, such as AARP, might have a stronger role in retail standards development. (M. Bennett)

Electricity Consumers Resource Council (ELCON)

Attendance: John Anderson, John Hughes and Marc Yacker from ELCON. Rae McQuade and Jim Templeton from GISB. Denise Simpson from Reliant.

Overall Summary: While the organization was not prepared to offer formal comments, they were general supportive and very supportive of the openness and balance. They voiced concerns on the relationship of this new organization with NERC and on the amount of time their members would be expected to devote to such an organization in order to ensure that they had a voice. This could be ameliorated by having a trade association staff member participate as an agent. They are aware that this could not happen at the Board level, but it could occur at the Executive Committee where standards are set.

Points: Specific points made were:

- The end user section should be defined in the electricity segments such that it would preclude companies who resell the electricity – end users should be the ultimate end users of the electricity.
- The relationship with NERC was of concern as they expect NERC or NAERO to develop market-based standards very similar to those that ELCON expects would be within this new organization's scope. They further noted that if NERC obtained the energy legislation that would grant NAERO the authority to set standards, they did not expect that an energy standards board would be needed.
- They do not support dilution of interests by expanding the segments from five to six.
- Seams issues (gas/electric/wholesale/retail/reliability/market-based) will dominate the activity of an energy standards board – so the model should clearly address how those seams issues are addressed – preserving balance and openness.
- They recommended that we also visit NRECA (rural electricity coops), PJM, Cal ISO, and Betsy Moler at ComEd.

American Public Power Association (APPA)

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. David and Deborah Penn from APPA. Chris Giblin from Reliant.

Overall Summary: They were supportive that either this organization would provide enough balance and openness that they could participate, or that it would have the effect of changing



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existing organizations so that balance and openness would be enhanced. They voiced concerns on the relationship of this new organization with NERC.

Points: Specific points made were:

- They have disparate membership, so openness and balance is critical.
- They have concerns on the relationship of this new organization to NERC - and the possibility of duplication of effort, as NERC has a market standards group.
- As long as they can participate as agents, they can address some of the concerns of their members related to the resources needed to participate in setting standards.

National Energy Marketers Association (NEM)

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Holly Nichols from Reliant. Craig Goodman from NEM.

Overall Summary: While the organization was not prepared to offer formal comments, they were very supportive of a standards organization similar to that represented in the model and would urge its creation as soon as possible. After a review of the changes made to the EEI/CUBR Uniform Business Practices (UBP) report, they fully expect to endorse it and would suggest that it be a starting point for activity for the new organization.

Points: Specific points made were:

- The segments should include a marketers segment and a technologists segment rather than a services segment.
- If the interests are separate into gas wholesale, electric wholesale and retail, tight coordination is imperative.
- The Board should have a balance of affiliated and non-affiliated entities - which can have very different agendas.
- Consolidated functions such as billing will drive retail gas and electric to stay together, even though there are some functions that are clearly separate - such as metering.
- The new organization should develop standards for telemarketing to prevent slamming.
- The e-commerce bill, recently adopted, might be the foundation for a federal agency to regulate e-commerce even if the company is within a given state's jurisdiction.

National Association of Regulatory Utility Commissioners (NARUC)

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Chuck Gray and Andrew Spahn from NARUC.

Overall Summary: In explaining the model, Chuck had several questions but noted that if we did not merge into an organization that would cover both gas and electric standards issues, some other organization would build one. He viewed the creation of such an organization as inevitable. He noted that it was not unreasonable to expect that NARUC could endorse the creation of such a group - but the necessary steps to garner such an endorsement would take some time.

Points: Specific points made were:



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- He recommended that we speak with Marsha Smith, chair of the NARUC Electricity Committee and commissioner on the Idaho PUC, Nora Brownell, commissioner on the Pennsylvania PUC.
 - Consumer groups should be accommodated in the organization.
 - While the organization itself would not advocate, it could send progress reports on its efforts.

House Committee on Commerce

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Cathy Van Way, Miriam Erickson – counsel for the US House of Representatives Committee on Commerce.

Overall Summary: Cathy and her staff were appreciative of the update, and explained that energy legislation would probably occur next year. She noted that the Commerce Committee had been and continues to be supportive of the role that GISB plays in the industry. She was not aware of any concerns regarding the model.

Points: Specific points made were:

- NAERO, the NERC standards group, as described in the energy legislation, would be enforceable as the standards would be written into law. This would not be a regulatory framework for industry standards acceptance; it would be a legislative framework -- probably more rigid.
- Energy reliability is a significant concern in Congress, and if the US experiences weather that stresses the system, that concern would be heightened. Increased reliability or addressing reliability problems is effective reasons for potential legislation.
- The crossover of market standards and reliability standards are already occurring and has caused some difficulties between NERC and PJM.
- She recommended that we visit with NRECA, PJM, NASIO, NASUCA, and Congressman Barton's office, and Senator Bingaman's office.

U.S. Department of Energy

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Acting Assistant Secretary Bob Kripowicz, Christopher Freitas, Guido DeHoratiis, Margot Anderson from DOE.

Overall Summary: The Department of Energy supports the creation of an energy standards organization. For the summit conference to be held on November 29, the DOE hopes to provide information and education to the industry regarding the need for standards and harmonization of business practices. This meeting was primarily an introduction to Assistant Secretary Kripowicz of GISB and our partnership on various efforts with the DOE.

Points: Specific points made were:

- The DOE is willing to work with GISB on other projects such as the one recently completed with Sandia National Laboratories.
- The DOE is willing to work with GISB to support the creation of an energy standards organization based on the principles outlined in the model.

American Public Gas Association (APGA)



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Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. John Gregg, General Counsel to APGA.

Overall Summary: John Gregg was unfamiliar with GISB. We gave him a brief history of the organization and reviewed the model.

Points: Specific points made were:

- Resources are scarce for municipals, so the organization should provide ways for representatives of the municipals to participate without incurring significant travel expenses or significant time away from normal work efforts.
- He was curious on how municipals supported standards. It is not a priority issue to the APGA membership.

American Gas Association (AGA)

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Karen Hill, Jane Lewis and Cynthia Marple from AGA.

Overall Summary: The AGA has concerns with gas interests being less important than the electric interests in the model. They are currently canvassing their members to determine if they can support an energy standards board.

Points: Specific points made were:

- Combination distribution companies on the gas side of the organization may follow agendas more aligned with electric issues.
- With providing an organization that addresses both gas and electric standards, antitrust review becomes more of an issue.
- They may not support a retail segment with gas and electric items combined. Not all retail issues are joint ones.
- They were had concerns with the EEI/CUBR UBP report – the process did not fairly represent them.
- The gas EC and the electric EC in the model should remain separate and only join when there are commodity neutral standards to be considered.

Federal Energy Regulatory Commission (FERC)

Attendance: Rae McQuade, Marty Patterson and Jim Templeton from GISB. Dan Larcamp from FERC.

Overall Summary: Dan Larcamp was very supportive of our organization, and while retail activities were not within federal jurisdiction, the principles of openness and balance among interests are key to the success of a new organization. He had several suggestions for further discussions.

Points: Specific points made were:

- GISB should discuss the model with Dominion, Duke Energy and NiSource, who, based upon recent mergers, should have an interest in such an organization.
- Others with which to discuss the model include National Council of State Legislatures, Betsy Moler of ComEd, and the alliance of suppliers with EEI.



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- Because these types of standards would reduce transaction costs from each transaction, SoCal Gas and PG&E should be interested.
 - The unregulated side of the company stands to reduce transaction costs, which the corporation should support. The costs savings on for unregulated portion of the corporation should compensate for any regulatory expenses realized of the regulated portion.
 - Coordination with NERC is needed to prevent any duplication of effort.

Edison Electric Institute (EEI)

Attendance: Rae McQuade and Jim Templeton from GISB. Mike McGrath from EEI.

Overall Summary: The EEI report to GISB with suggested changes to the model is not expected to be available until Tuesday. Mike McGrath reviewed several of the changes that he expects will be in the report.

Points: Specific points made were:

- The three business practices subcommittees should be gas wholesale, electric wholesale and retail. Each BPS would have its own independent procedures including how the votes are to be taken in the BPS. These procedures could differ among the three BPS groups. The Board would approve the procedures.
- The Executive Committee would not vote on standards. It would provide a liaison and coordinating role to the BPS subcommittees, and it would perform the triage role of reviewing each request for a standard and determining to which subcommittee it would be assigned.
- The Executive Committee would ensure that seams issues (standards that are commodity neutral) are addressed, but would have no voting role in the ultimate standards.
- The retail BPS should have four segments: Customers, Retailers, Utilities and Services – probably with weighted balance. There may be segment changes to the segments for wholesale electricity, with changes to the procedures for voting and weighted balance.
- EEI is working within the model presented by GISB to make the least changes possible.
- The UBP product for retail should be endorsed by the new organization. That endorsement could take place by assumption without change, or by a voting endorsement supported by the new organization's voting rules. If a voting endorsement is required, it probably should apply also to the GISB work products.

North American Electric Reliability Council (NERC)

Attendance: Rae McQuade, Jim Templeton and Jim Buccigross from GISB. David Hilt, Dave Nevius and Dave Cook from NERC.

Overall Summary: All recognized that there could be an overlap in the setting of reliability and market standards -- "seams issues" -- which would necessitate coordination between the two groups (NERC's NAERO and EISB) to avoid duplication of efforts and conflicting standards and rules. The model should include a statement of such the intent of such coordination.

Points: Specific points made were:



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- NERC was interested in learning the status of the strawman, and if an energy standards board were created, how it would interface with NERC – in particular, its market interface committee.
 - NERC interest is in bulk power wholesale electric side. NERC currently sets standards for how these systems are operated – they also get into information requirements to support electric trade, which may cause some overlap. They see certain areas that are complimentary, which would require coordination. Example would be communications protocols, electronic scheduling and tagging.
 - NERC is moving towards mandatory versus voluntary standards, via proposed legislation – which could complicate the coordination.
 - NERC has set true reliability rules on how to operate the electric grid. To set those rules, information on the basic transactions is needed. The FERC has released an ANOPR regarding phase 2 of OASIS, which addresses electronic scheduling.
 - In FERC Order No. 889, the FERC set out communications protocols, relying heavily on the industry groups, (“who” and “what” groups of OASIS). The protocols adopted for GISB and adopted for OASIS are different.
 - RTOs are an enhanced version of ISOs. Transmission planning is a function of RTOs, which is not a function of ISOs. RTOs integrate across broad regions – more so than ISOs. With RTOs, the communications and integration should be facilitated.
 - The clear intent is to not duplicate efforts, which can be addressed through coordination of the two groups. Also to be factored into the process is the primary difference of mandatory versus voluntary standards.
 - NERC has established a collaborative to respond to FERC by February 15 on how to perform electronic scheduling with seamless interfaces. They welcomed additional participation.
 - The NERC market interface committee is meeting on January 11 and 12, and NERC recommended that we sit down with some of their leadership to talk about coordination of efforts.
 - RTOs are to be operational by December 15, 2001 – which could mean that systems in place may require changes as EISB and NAERO standards are set. More participation would support coordination.

Board Task Force Review – November 20, 2000

Task Force Attendance: Stan Horton, Jim Templeton, Lyn Maddox, Steve Bergstrom, Bill Boswell, Lee Stewart, Reed Horting and Greg Lander.

Liaisons: Keith Sappenfield, Mark Scheel, Mike Novak and Jim Buccigross.

Staff: Rae McQuade.

Notes: EEI should respond by next week. They will suggest some significant changes: wholesale gas, wholesale electric, retail for gas and electric, and weighted voting. If there are some areas of commonality, it may make sense to go forward – otherwise, the changes may be too great to go forward.

The options that the Board will consider on December 7 is:

- Do we continue to pursue whether an EISB should be created?



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- Should we have an EISB effort on the annual plan or not? As place holders? With what effect to the priorities established in the plan?
- If the GISB task force continues its efforts, what forum is used to present the strawman for industry consideration, and when should the strawman be presented?

It is the recommendation of the task force to leave all the options open - continue to pursue as a Board committee so as not to affect the work underway of standards by the EC and its subcommittees. It was noted that the position of AGA is that the process has not yet been open enough and consensus driven enough so that GISB could go forward. It was also noted that timing is critical - the forum for industry support should not take place until a level of support is given by the EEI CEO leadership.



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TO: **Board of Directors:** Stan Horton, Ron Mucci, John Somerhalder, Terry McGill, Bob Reid, Hugh Roberts, Allan Knopp, Bill Benham, Pete Dixon, Abigail Bailey, Jim Templeton, Vicky Bailey, Janie Mitcham, Lee Smith, Paul Karns, Greg Lander, Steve Bergstrom, Julie Gomez, Lyn Maddox, Marty Patterson, Reed Horting, Lee Stewart, Bill Boswell, Adrian Chapman, Walt DeForest

FROM: **Board Task Force and Contributors:** Stan Horton, Ron Mucci, Hugh Roberts, Allan Knopp, Jim Templeton, Vicky Bailey, Janie Mitcham, Greg Lander, Steve Bergstrom, Reed Horting, Lee Stewart, Bill Boswell, Jim Buccigross, Mike Novak, Shelley Corman, Bill Oppenheim, Mark Scheel and Keith Sappenfield

RE: **Possible Structure for the New Standards Organization**

DATE: September 21, 2000

Dear Board Members,

Attached please find the Strawman report from the Board task force regarding the creation of a energy standards board and a possible governance structure. Charts accompany the report for presentation purposes. The board task force is recommending that the Board discuss this Strawman at the September Board meeting, and approve the Strawman report for the purposes of discussion with interested parties. The discussion would address the possibility of either GISB expanding its scope to address standards for the electric industry or the establishment of a new organization along the lines of the strawman into which current GISB resources, work efforts and existing standards would be transferred. Among the interested parties would be those identified in the Strawman and include electricity generators, electricity transmission companies, electricity distribution companies, electricity end users, electricity marketers and other electricity service providers, existing GISB members and representatives from government agencies.

Best Regards,

Rae



Draft Strawman for an Energy Industry Standards Organization

In several meetings, it was discussed that the purpose of this new organization would be to propose and adopt voluntary standards designed to promote more competitive, efficient and reliable energy service. Such standards 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 electricity and natural gas marketplace. It is intended that this new organization would be a successor to the existing organization, GISB.

This document provides a possible structure and principles for organizing such a structure. The principles are based on commonly accepted precepts of a standards 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 organization to support development of standards for both electricity and natural gas markets.

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 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 should, from the standards organization's perspective, also be voluntary. Membership should not be dependent upon whether the company seeking membership implements the standards. The organization will not maintain any type of standards enforcement activity.

Balance of Interests – The voting with respect to governance and standards development procedures should provide for balance between industry segments 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 decision.

Inclusivity – All industry stakeholders should be identified and associated with a segment and section. 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 issued or to be issued by the organization, individual energy sections and their segments should be assured that each energy section and segment can protect its interests by requiring both super-majorities and a minimum per segment and energy section threshold be achieved for passage of such standards by the organization.

No Advocacy – The standards organization should be prohibited from taking advocacy positions on its standards 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).



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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) 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.

Implement and Streamline Existing Policy, Do Not Create Policy - The Committees and Subcommittees of the standards organization should endeavor to not create policy in their standards development activities absent being requested to do so by the applicable body (Executive Committee or Board of Directors). To the extent reasonable, the standards to be established should reflect standardization and streamlining of activities chosen from among existing policies and practices.

Possible Organizational Structure

Energy Sections - Defined as Electric or Gas.

Industry Segments - The industry segments should be defined as follows:

Energy Industry Segments	Description
Energy Producers	Natural Gas and Electricity Producers - Those companies primarily engaged in the production of natural gas for sale to others representing the Gas Energy Section and those companies primarily engaged in the generation of electricity for sale to others representing the Electric Energy Section.
Energy Transmission Providers	Natural Gas Pipelines and ISO/RTO/Transco Electricity Transmission Providers - Those companies primarily engaged in the transmission of natural gas through pipelines representing the Gas Energy Section and those companies primarily engaged in the transmission of electricity representing the Electric Energy Segment.
Energy Distributors	Natural Gas and Electricity Distributors - Those companies primarily engaged in the local distribution of natural gas representing the Gas Energy Section and those companies primarily engaged in the local distribution of electricity representing the Electric Energy Section.
Energy End-users	Natural Gas and Electricity consumers - Those companies which consume natural gas representing the Gas Energy Section and those companies which consume electricity representing the Electric Energy Section.
Services	Providers of services to participants in the Natural Gas and/or Electricity industries. This segment includes marketers, software providers, consultants and other companies not otherwise considered to be an Energy Producer, Energy Transmission Provider, Energy Distributor, or Energy End-User. There would be a Gas Energy Section and an Electric Energy Section.

Membership -- Members are companies participating in the natural gas and/or electricity markets. Trade associations, advocacy groups and special interest groups are not considered members but are encouraged to participate in the organization. When joining, each member declares the Energy Section and Segment with which they are to be identified. Corporate organizations which have multiple companies, under common control, which desire to become



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members, must join individually. While a corporate organization can have memberships in multiple Energy Sections or Segments, one member cannot join multiple Energy Sections or Segments. Members do not extend their membership to affiliates or subsidiaries; the affiliates and subsidiaries join separately. Members vote to ratify governance changes approved by the Board of Directors and proposed standards approved by the Executive Committee without regard to their Energy Section or Segment identification. For a jointly owned company, its corporate organization is determined by the majority ownership.

Board of Directors - The Board of Directors should be responsible for funding, annual plan definition and approval, changes to the governance document and structure, and overall direction of the organization. The Board would be comprised of 40 Board members, no more than one from each distinct corporate organization. It should be composed of eight (8) members from each of the five Segments, including four (4) from each Energy Section. Not more than one board seat may be held by persons from the same corporate family. Agents for member companies are not permitted to be Board members. Board members are individuals who are elected to the Board from among the membership of each Energy Section in each Segment according to Board approved Procedures. A member is not permitted to substitute other individuals for the elected, named, member of the Board. A Board Member is permitted to continue to serve as a Board Member for their full term provided such individual continues to be affiliated with a member in good standing which meets the applicable requirements for that Energy Section and Segment, and further provided the applicable Energy Section representation and apportionment provisions are met. Board member terms are two years in duration. Board membership is initially staggered to provide for continuity on the Board. The Board is the determining body for scope and other governance issues. A super-majority vote of the Board is required to adopt governance changes. The Board may create committees as needed to carry out its directives. Members of each individual Energy Section in each Segment would, through a vote of its members, determine procedures for selecting Board members. Segment procedures shall be submitted to the Board for ratification. The Board shall ratify any segment procedures, which are not inconsistent with the articles of incorporation or bylaws. The Board shall act by simple majority vote.

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 is responsible for carrying out the Annual Plan. The Annual Plan approved by the Board describes the areas and general priorities for standards development. The Executive Committee would be comprised of 40 members, each from a distinct member company. The Executive Committee is composed of five Segments each with eight (8) members, including four (4) from each Energy Section. The Executive Committee votes on the recommended standards, which result from duly constituted Subcommittee and Task Force efforts. Executive Committee members are individuals who are elected to the Executive Committee from among the membership of the Energy Section of each Segment according to procedures developed by the Energy Section in each Segment and approved by the Board. A member is not permitted to substitute other individuals for the elected, named, member of the Executive Committee. Terms are three years, and are initially staggered within Segment and Energy Section, similar to Board procedures.



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An Energy Section of a Segment may have Procedures, which permit the election of Alternates. Where an Energy Section of a Segment has Procedures providing for the election and seating of Alternates, Alternates may be recognized as attending an Executive Committee and voting upon matters duly scheduled for the meeting. An Executive Committee Member is permitted to continue to serve as an Executive Committee Member for their full term; provided, such individual continues to be affiliated with a member in good standing which member meets the applicable requirements for that Energy Section of that Segment. The Executive Committee is the determining body for standards issues. The Executive Committee procedures require all of super-majority, minimum Segment, and minimum Energy Section thresholds to be achieved for there to be passage of proposed standards. The Executive Committee will create subcommittees as needed to carry out its directives.

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, Executive Committee Members may participate and vote by means of tele-conference or other electronic means. Eligibility to continue serving 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.

Energy Section and Segment Declaration: A company, which joins the standards organization as a member, should declare its Energy Section and Segment participation upon joining. Such declaration shall remain in place at least until the company's next annual membership renewal at which time the member may re-designate their Energy Section and Segment as appropriate. No individual member company may designate themselves as a member of more than one Energy Section or Segment. The intent is that a member should have a significant business interest in the Energy Section and Segment that is declared above and that people who represent the member in the activities of this organization should have corporate responsibility for that business interest. While no individual member company may designate themselves as a member of more than one Energy Section or Segment, this restriction does not prevent that individual member company from participating in any of the efforts of the committees or subcommittees, providing input and perspectives.

Segment and Section Procedures: There shall be for each Energy Section in each Segment 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. Such procedures are also to be reviewed and approved or rejected by a majority vote of the Board of Directors.

Governance Change Passage: The threshold for the Board to pass a governance change (amendment to the charter or bylaws) is at least 30 affirmative votes of a possible 40, with at least 4 affirmative votes from each Segment and at least 2 affirmative votes from each Energy Section in each Segment. The governance change would then require ratification by 90% of the membership, with members who do not vote counted as affirmative votes.

Standards Passage: The threshold for the Executive Committee to pass a Standard is at least 27 affirmative votes out of 40, with at least 4 affirmative votes from each Segment and at least 2 affirmative votes from each Energy Section in each Segment, unless the standard is determined to apply to only one Energy Section, as provided below. In either case, the standards would then require ratification by 67% of the members who vote.



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Procedures for Voting on Gas or Electric Only Standards: There may be occasions where standards are proposed to the Executive Committee by the working level subcommittees (following Triage and other normal processes) which members of the Executive Committee consider to be applicable to only the natural gas or electric Energy Sections. In these instances, upon a vote of the Executive Committee (27, 4 & 2) vote, in the affirmative, a standard would be a) determined to be only germane to one or the other Energy Section, b) would be referred to that Energy Section of the Executive Committee, and c) would only be voted upon by the Energy Section involved. Approval of the proposed standard would take fourteen (14) affirmative votes of the Energy Section involved plus at least two (2) affirmative votes from each of Energy Section's Segments.

Reconsideration of Standards Passed with a 14 and 2 Vote in an Energy Section: Where the language of a standard which was passed as a 14 and 2 standard, has materially varied from the language of that standard as presented to the Executive Committee in the recommendation (and determined by the 27, 4, and 2 vote to be eligible for consideration as a 14 and 2 vote) such that the standard could impact both energy sections, a motion may be made for reconsideration of the Energy Section assignment. Such motion should be made prior to adjournment of the meeting at which the standard was passed by the "14 and 2". Following discussion, a motion for reconsideration of the section assignment must achieve a 67% majority affirmative tally from the Executive Committee members present and voting for the motion to carry. Abstentions are not counted in the calculation.

Upon failure of a reconsideration motion, the approved standard goes to the membership for ratification. Upon passage of the reconsideration of section assignment motion by a two thirds affirmative vote from Executive Committee members present and voting, the standard would be immediately forwarded for industry comment, and reconsidered by the entire Executive Committee at its next meeting. In the next meeting, the entire Executive Committee would approve the standard on a 27, 4, 2, vote or return it to a subcommittee for further consideration. In the absence of either event, the standard fails.

Advisory Committee - The Advisory Committee is composed of interested regulators, other governmental officials, and representatives of consumer advocacy organizations. It advises with respect to, and may propose that the Board consider, items for the annual plan and direction of the organization.

Interested Public - Nonmembers can participate in any subcommittee or task force (except for committees or subcommittees with named members) and attend all meetings, including the Board and Executive Committee meetings. They are asked to comment on all proposed standards prior to consideration by the Executive Committee.

Standing Business Practices Subcommittees: The Executive Committee should establish three Business Practice Subcommittees. One should be an electric Business Practices Subcommittee, another should be a natural gas Business Practices Subcommittee, and the third should be a combined Energy Section Business Practices Subcommittee. The intent of having a combined energy Business Practices Subcommittee would be that it is the body that would be designated to handle items that are not solely germane to either natural gas or electric practices, respectively. These gas and electric subcommittees would have Co-Chairs from their respective Segments (5 each) and the combined subcommittee would have Co-Chairs one from each Segment and Energy Section (10 total).

Other Operating Practices and Procedural Matters: There should be one Triage Subcommittee with 10 members, with one member from each Energy Section of each Segment. The Triage Subcommittee's mission would be to review and recommend to the Executive Committee how and to which subcommittees requests should be directed for processing, including scope and priority recommendations.



Gas Industry Standards Board

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There shall be an Interpretations Subcommittee, which shall have equal Energy Section and Segment representation.

In addition, there should be one Information Requirements Subcommittee and one Technical Subcommittee. There may be equal Energy Section and Segment representation on these subcommittees at the Executive Committee's discretion. These subcommittees provide the necessary instructions, documentation and technical guidance to allow for implementation of business practices standards.

The Process Committee shall be comprised of members of the Board and Executive Committee with equal representation from each of the Energy Segments and Sections. Executive Committee processes (Operating Practices) and the processes of committees and task forces established by the Executive Committee should first be approved by the Process Committee and then approved or rejected by the Executive Committee. Board Committee processes may be proposed by the Process Committee and reviewed, modified, approved or rejected by the Board.

The Board on its own motion may also establish, by majority vote, its own procedures from time to time.

No procedure or Operating Practice may be adopted by any committee or subcommittee such that it is in conflict with the governing documents of the Standards Organization. A procedure or process deemed to be in conflict with the governing documents may be appealed by any standards organization member to the Process Committee. Upon such appeal, the Process Committee will convene and promptly make a determination. Such determination will be reviewed, modified, approved or rejected by the Board at either a regularly scheduled meeting or a special meeting.

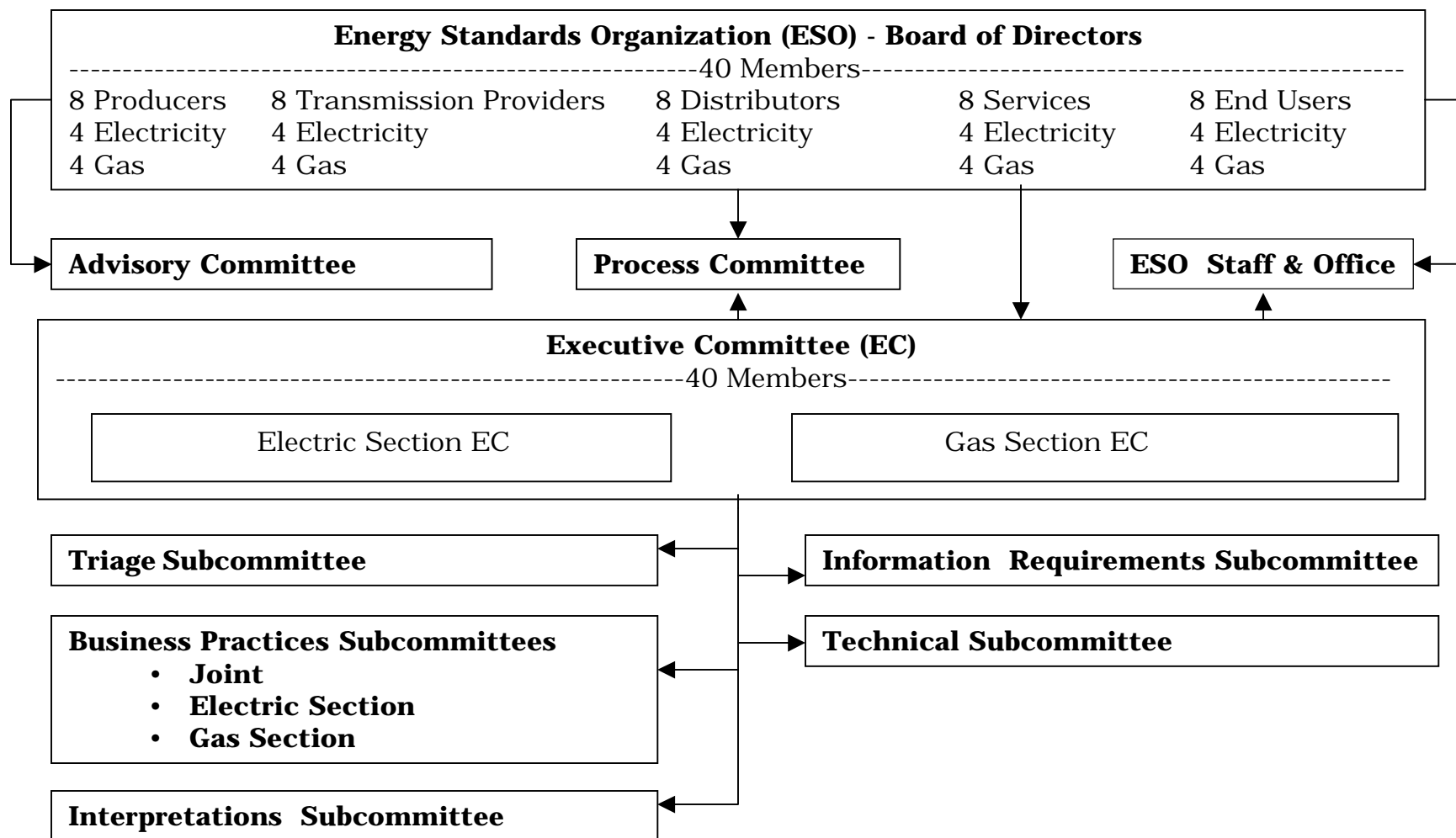
Balanced Voting: All votes in the business practice subcommittees should be by majority, with balanced votes tallied by member in each Energy Section of each Segment. Each Energy Section of each Segment being provided two votes to be apportioned on a no more than one vote per member in attendance at the meeting. Attendance at meetings may be by teleconference or other electronic means. When there are more than two companies within an Energy Section within a segment in attendance, the two votes per section per segment would be apportioned equally among the attendees within each Energy Section and Segment. Abstentions are not counted in the apportionment of votes.

New Elections: The Board of Directors members are elected, according to the given Segment and Energy Section procedures, from the membership of the given Segment and Energy Section. Terms are two years, and are initially staggered within Segment and Energy Section. The Executive Committee members are elected, according to the given Segment and Energy Section procedures, from the membership of the given Segment and Energy Section. Terms are three years, and are initially staggered within Segment and Energy Section, similar to Board procedures.

Funding:

1. Dues remain at \$5000 per membership.
2. Sponsorship Dollars are solicited with no guarantee that they will be credited against future dues.

Straw Man of an Energy Standards Organization Governance Structure



Straw Man of an Energy Standards Organization Governance Structure

Energy Standards Organization - Board of Directors				
-----40 Members-----				
8 Producers	8 Transmission Providers	8 Distributors	8 Services	8 End Users
4 Electricity	4 Electricity	4 Electricity	4 Electricity	4 Electricity
4 Gas	4 Gas	4 Gas	4 Gas	4 Gas

Voting Rules: *Simple Majority on all other than governance issues (bylaws, certificate changes)
30/4/2 for governance (76%)*

Elections: *Segment and Energy Section determined (Board ratified) nomination process
Segment and Energy Section determined (Board ratified) election process
Elections administered by Energy Standards Organization office
First elections to take place for members once organization is created.*

Eligibility: *Member is in good standing, dues paid
Member of the Segment and Energy Section, with declared section interest
No other Board member is from a company in the same corporate family*

Meetings: *Meetings by teleconference permitted
Attendance in person at 50% of Board meetings in order to retain seat.
Attendance threshold is measured twice yearly (March 31 and September 30 for the preceding twelve months).*

Straw Man of an Energy Standards Organization Governance Structure

Executive Committee (EC)				
-----40 Members-----				
8 Producers	8 Transmission Providers	8 Distributors	8 Services	8 End Users
4 Electricity	4 Electricity	4 Electricity	4 Electricity	4 Electricity
4 Gas	4 Gas	4 Gas	4 Gas	4 Gas

Voting Rules: *Majority vote on all procedural matters (i.e., other than standards and interpretations passage)
27/4/2 for standards and interpretations passage (68%)
A 27/4/2 vote is required before a recommendation from the committee level may be voted upon by a section as a gas or electric only standard
Section passage of gas or electric only standard requires a 14/2 vote. Upon passage of gas or electric only standard which differs from the recommendation passed to the section, a motion for reconsideration of section assignment can be made (at the same meeting). The reconsideration process is described on page 6 of the "Draft Strawman for an Energy Industry Standards Organization"*

Elections: *Segment and Energy Section determined (Board ratified) nomination process,
Segment and Energy Section determined (Board ratified) election process
Election administered by Energy Standards Organization office
First election to take place for members once organization is created..*

Eligibility: *Member is in good standing, dues paid.
Member of the segment, with declared section interest.
EC members may be from same corporate family - must be from different company*

Meetings: *Meetings by teleconference permitted.
Attendance in person at 50% of EC meetings in order to retain seat.
Attendance threshold is measured twice yearly (March 31 and September 30) for the preceding 12 months.*

Straw Man of an Energy Standards Organization Governance Structure

Triage Subcommittee				
2 Producers	2 Transmission Providers	2 Distributors	2 Services	2 End Users
1 Electricity	1 Electricity	1 Electricity	1 Electricity	1 Electricity
1 Gas	1 Gas	1 Gas	1 Gas	1 Gas

Voting Rules: *Simple Majority*

Leadership: *Members selected from EC, EC Alternates or Board. Each Energy Section and Segment Triage Subcommittee member is elected by its Energy Section and Segment members.*

Reports to EC: *Recommends request processing disposition to the EC. The recommendation includes priority and assignment to a Committee/Subcommittee/Task Force. Recommendations made with respect to:*

- 1. request is/is not within scope,*
- 2. is natural gas only, electricity only, joint gas and electric development effort,*
- 3. priority to be assigned to the processing of the request*
- 4. assignment to a subcommittee.*

EC votes through a simple majority to accept or modify Triage recommendation.

Straw Man of an Energy Standards Organization Governance Structure

Business Practices Subcommittees		
Gas Business Practices	Electric Business Practices	Joint Business Practices
5 Chairs:		
1 Gas Producer	1 Electricity Producer	1 Gas & 1 Electricity Producer
1 Gas Distributor	1 Electricity Distributor	1 Gas & 1 Electricity Distributor
1 Gas Transmission Provider	1 Electricity Transmission Pr.	1 Gas & 1 Electricity Trans. Pr.
1 Gas End User	1 Electricity End User	1 Gas & 1 Electricity End User
1 Gas Services	1 Electricity Services	1 Gas & 1 Electricity Services
Balanced Voting (Maximum Number of Votes per Energy Section and Segment to be cast, one vote per company):		
2 Gas Producer	2 Electricity Producers	2 Gas & 2 Electricity Producers
2 Gas Distributor	2 Electricity Distributor	2 Gas & 2 Electricity Distributors
2 Gas Transmission Provider	2 Electricity Transmission Pr.	2 Gas & 2 Electricity Trans. Pr.
2 Gas End Users	2 Electricity End User	2 Gas & 2 Electricity End Users
2 Gas Services	2 Electricity Services	2 Gas & 2 Electricity Services

- Voting Rules:*** *Balanced Voting, requires participation, meetings by teleconference to increase participation. One individual voting per company. Individuals must be present to cast votes.*
- Leadership:*** *Chairs selected from EC, EC Alternates or Board serve subject to the concurrence of their segment/section as applicable.*
- Reports to EC:*** *Accepts requests as assigned by the EC. Resulting, proposed, standards are considered recommendations to the EC. The standards may be considered by other subcommittees to ensure that the recommendations that are brought before the EC are fully staffed..*
EC has final (pre-ratification) say on wording and passage/non-passage of recommendation.
- Membership:*** *Any interested party regardless of membership in the organization.*

Straw Man of an Energy Standards Organization Governance Structure

Interpretations Subcommittee				
2 Producers	2 Transmission Providers	2 Distributors	2 Services	2 End Users
1 Electricity 1 Gas	1 Electricity 1 Gas	1 Electricity 1 Gas	1 Electricity 1 Gas	1 Electricity 1 Gas

Voting Rules: *Simple Majority*

Leadership: *Members from EC, EC Alternates or Board. Each Energy Section and Segment Interpretations Committee member is elected by their Energy Section and Segment members.*

Reports to EC: *Receives requests for Interpretations submitted to ESO Office. Processes requests and recommends disposition to the EC. EC votes on Interpretations according to all the same procedures as apply to Standards*

Straw Man of an Energy Standards Organization Governance Structure

Process Committee

Chair: Elected from among Members of Board, EC, and EC Alternates

Membership: Any interested party, regardless of membership in the organization

Voting Rules: *Simple Majority*

Leadership: *Chair is elected from among Board, EC, and EC Alternates*

Reports to EC: *Recommends ESO Operating Practices to EC.*

Reports to Board: *Reviews complaints as to application of Section election procedures. Also reviews appeals of procedures that a party determines are in conflict with the governance documents.*

Straw Man of an Energy Standards Organization Governance Structure

Information Requirements Subcommittee

Chair: Elected from among Members of Board, EC, and EC Alternates

Membership: Any interested party, regardless of membership in the organization

Voting Rules: *Simple Majority.*

Leadership: *Chair is elected from among EC and EC Alternates. There may be other co-chairs.*

Reports to EC: *Prepares recommendations for EC review to implement information requirements for EDI, flat files, web posting and interactive web transactions corresponding to a given business business practices.*

Technical Subcommittee

Chair: Elected from among Members of Board, EC, and EC Alternates

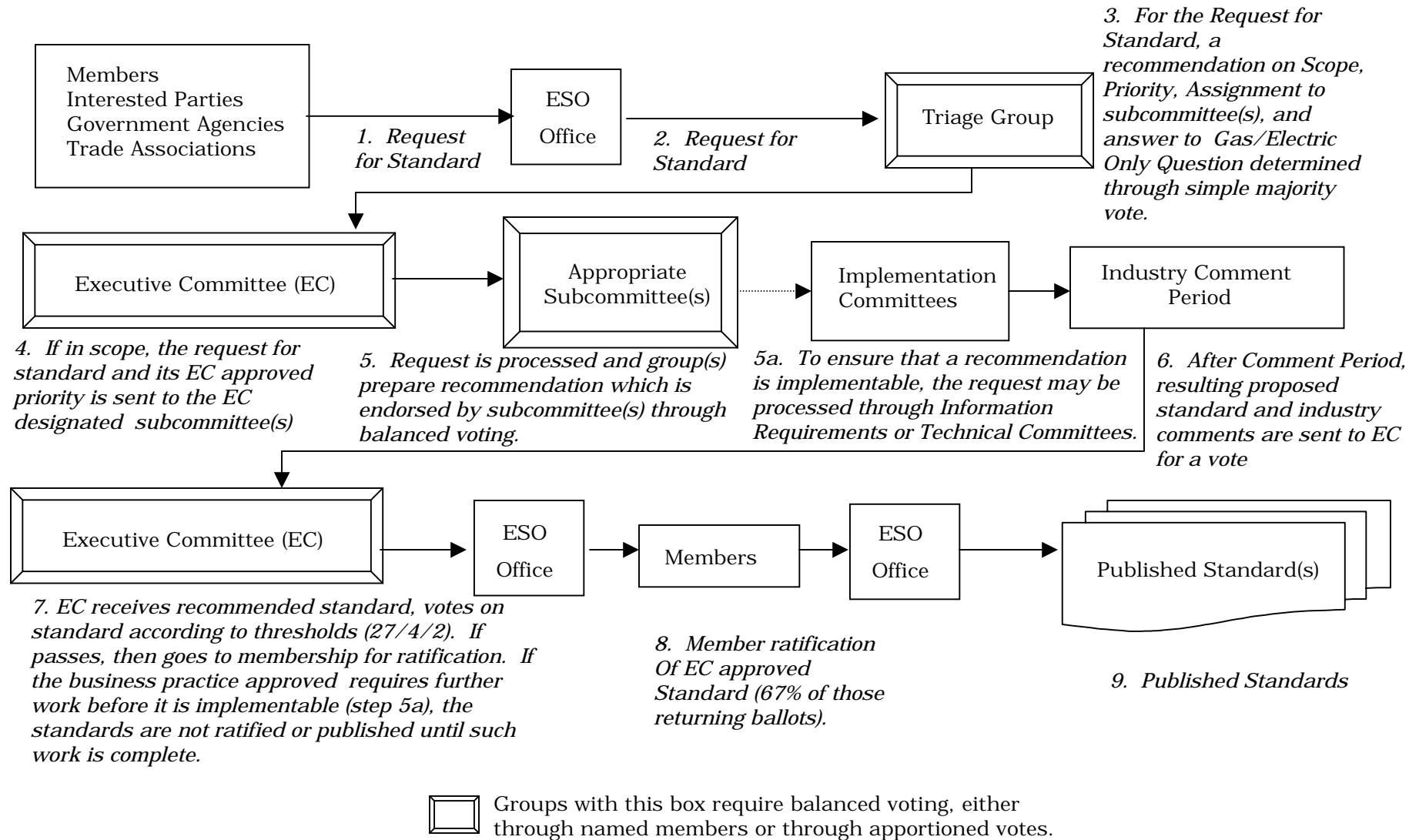
Membership: Any interested party regardless of membership in the organization

Voting Rules: *Simple Majority.*

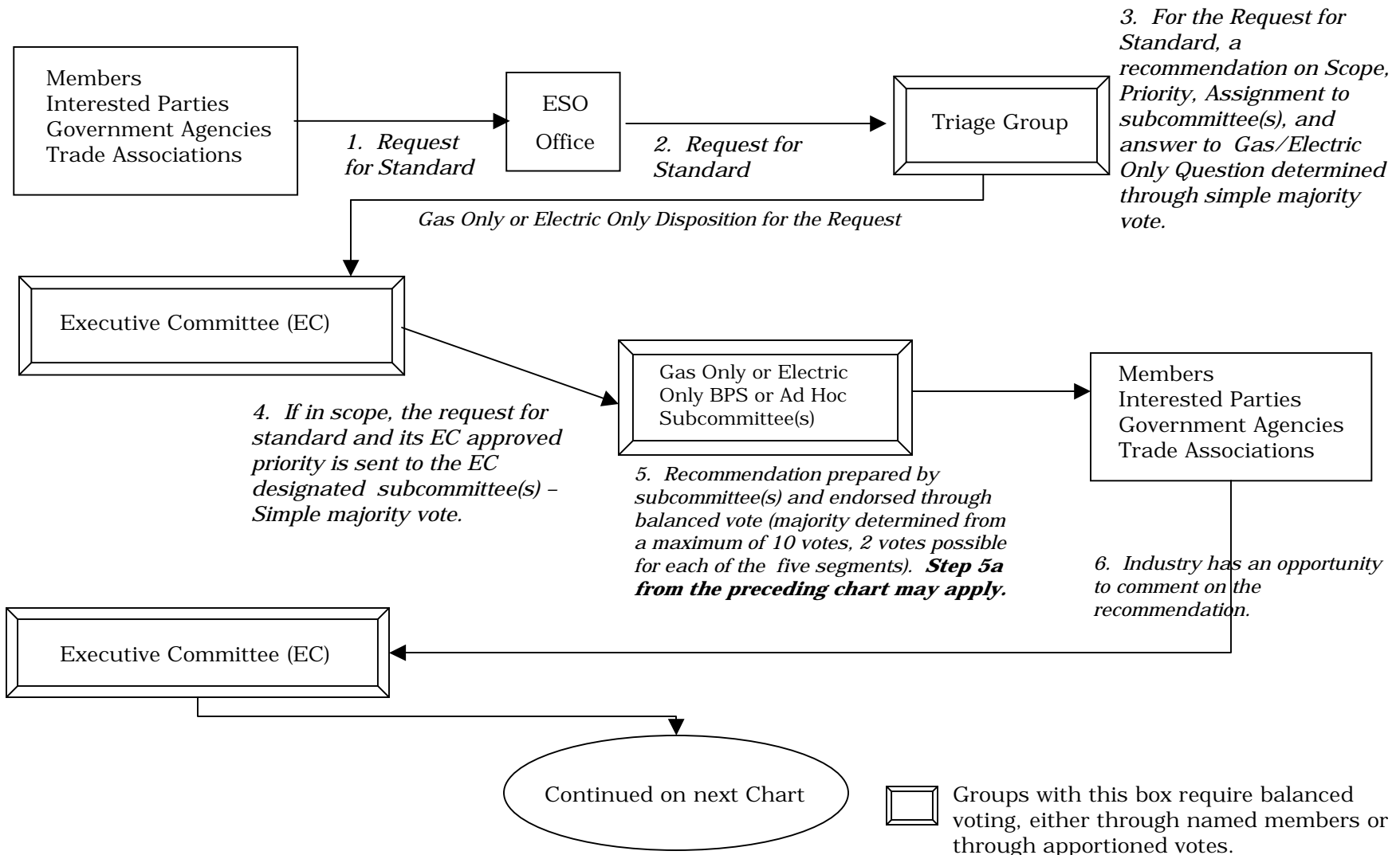
Leadership: *Chair is elected from among EC and EC Alternates. There may be other co-chairs.*

Reports to EC: *Prepares recommendations for EC review to implement technical mappings for EDI corresponding to a given business practice standard or recommended standard.*

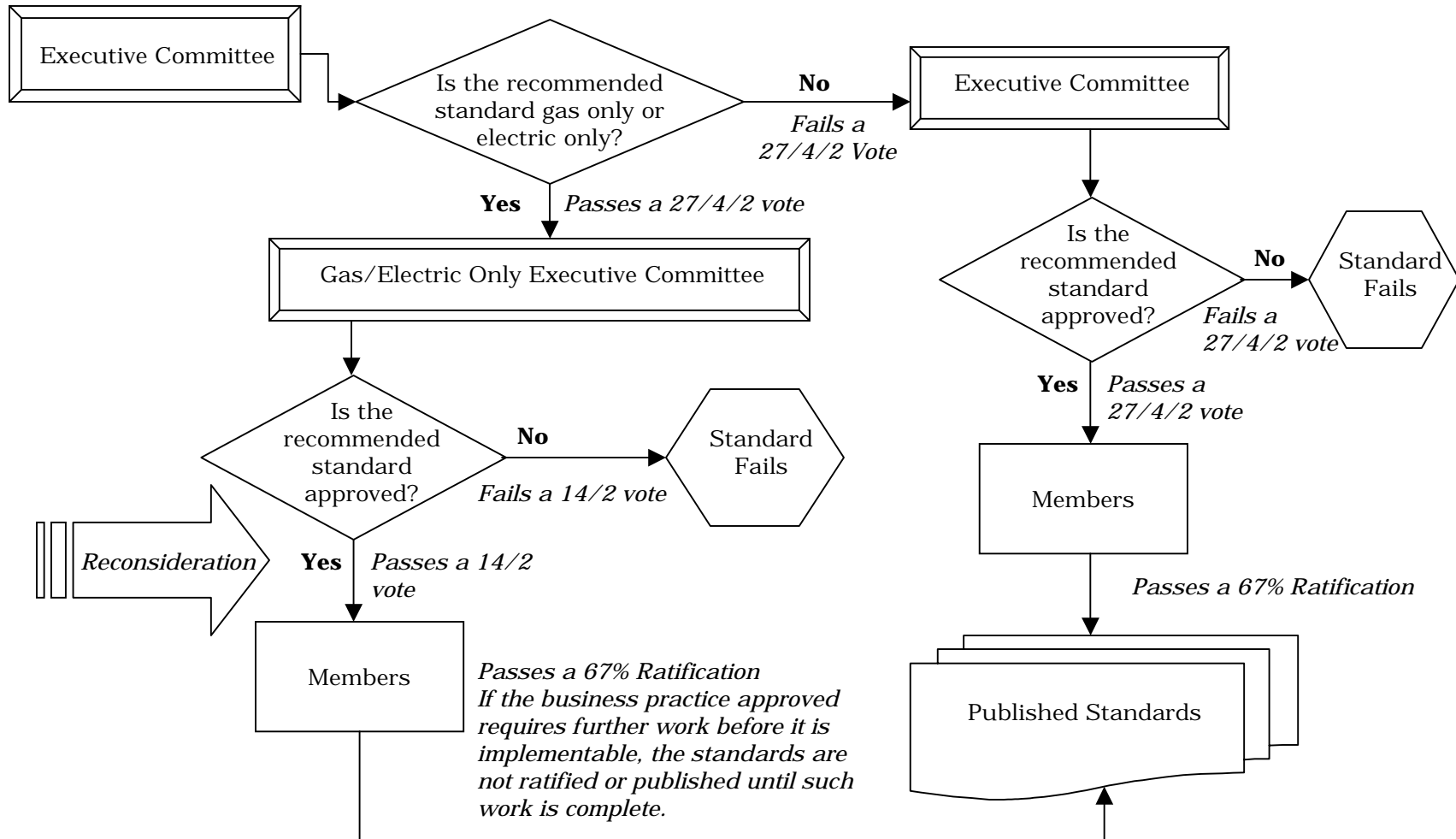
Straw Man Development Final Draft - August 28, 2000 Generic Standards Process



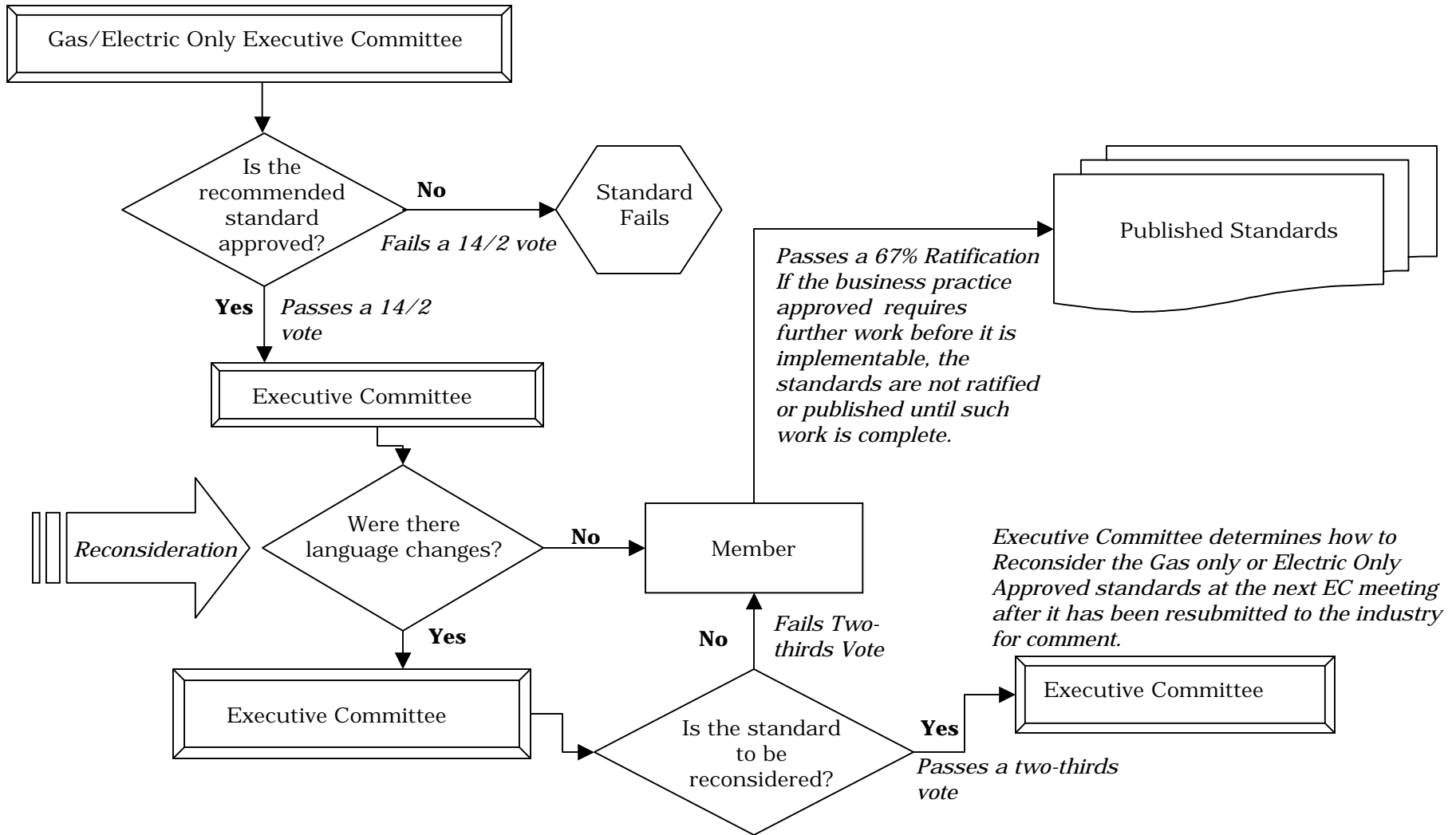
Straw Man of an Energy Standards Organization Gas Only or Electric Only Standards Process - Chart 1 of 2



Straw Man of an Energy Standards Organization Gas Only or Electric Only Standards Process - Chart 2 of 2



Straw Man of an Energy Standards Organization Reconsideration of Section Assignment Process





EEI Response to GISB Draft Strawman for an Energy Industry Standards Organization

Overview

BACKGROUND

GISB and others have proposed the creation of a new standards development organization. The purpose of this new organization would be to propose and adopt voluntary standards designed to promote more competitive, efficient and reliable energy service. Such standards would apply to matters like the electronic exchange of information, record and data formats, communications protocols and other related business practices that can streamline the transactional and coordination processes of the electricity and natural gas marketplaces.

On October 19, 2000, certain members of the Gas Industry Standards Board presented a *Draft Strawman for an Energy Industry Standards Organization* to EEI for review and comment during the course of a meeting at EEI's offices in Washington, DC.¹ The meeting included two brief presentations. Michael McGrath (EEI) presented the issues of importance to EEI.² In turn, Stan Horton (Enron) and Ron Mucci (Williams) presented an overview of the *GISB Strawman*.

Following the two above-mentioned presentations, the meeting attendees discussed the similarities and the differences between the *GISB Strawman* and the important issues identified by EEI. They also discussed the existing standard-setting efforts already underway, including projects initiated by the North American Electric Reliability Council (NERC) and the Federal Energy Regulatory Commission (FERC). Several major differences were identified, including (particularly) the difference in organizational methods. In general, however, the participants expressed optimism that the differences did not appear to be insurmountable. The attendees agreed to the following action plan:

- ◆ EEI Responds to GISB Strawman
- ◆ GISB Replies
- ◆ EEI Staff Works with GISB Team to Resolve Any Remaining Differences
- ◆ Joint GISB/EEI Staff Recommendation Put Before EEI CEO UBP Task Force
- ◆ GISB/EEI CEO Task Force Meeting, If Necessary
- ◆ Agreed-Upon Plan Presented to EEI Board Through Normal Process

¹ Attending the meeting on behalf of GISB were Stan Horton (Enron), Vicky Bailey (Cinergy), Ron Mucci (Williams), Steve Bergstrom (Dynergy), Jim Templeton (CES). Attending on behalf of EEI were David Owens, Ed Comer, Michael McGrath, Ken Linder, Chris Forbes, L.W. Brown, and Chuck Foster.

² EEI's positions were and are articulated through its UBP CEO Task Force. Members of that task force are Bill Davis - (NIMO) - Co-Chair, David Ratcliffe - (Ga. Pwr.) - Co-Chair, John Derrick - (PEPCo), Bob Green - (UtiliCorp), Steve Frank - (SCE), Steve Letbetter - (Reliant), Myron McKinney - (Empire District), Eliot Protsch - (Alliant)

During this process, the attendees agreed that:

- ◆GISB to Utilize EEI Structure to Communicate with EEI CEOs
- ◆EEI to Inform CEOs of Process and Progress
- ◆GISB Opinion Leader Communications Will Discuss Process with EEI

SUMMARY

The purpose of this paper is to respond to the first point noted above, namely, to provide EEI's concerns and alternatives to the GISB proposal. In that regard, EEI has chosen to use the GISB strawman proposal for an energy industry standards organization as a model, and to build upon or modify that model as necessary to incorporate EEI's concerns and alternatives. This document sets forth possible operating principles for an energy industry standards organization, and outlines one possible structure for such a body. The principles are based on commonly accepted precepts for standards development organizations, very similar to those under which GISB itself operates, as well as those contained in GISB's strawman. This document's outline of a structure should not be taken as EEI's final view of the best way to structure such an organization, but reflects EEI's thinking at this stage of the overall discussion about creating an organization to develop business practice standards for wholesale and retail, gas and electric energy markets.

The newly converging electric and gas industries can be rationally divided into four distinct (but not necessarily separable) segments: wholesale and retail segments on the one side, and natural gas and electric segments on the other. On the natural gas side, GISB has addressed only the wholesale segment, although it has the authority to address the retail segment. On the retail side, the "UBP Collaborative Group"³ has recently been developing and maintaining a set of guidelines for business practices applicable to both the electric and gas segments. As for the electric wholesale segment, currently NERC is addressing a large agenda of electric wholesale reliability issues and reliability-related market issues, many on its own initiative and others at the request of FERC. Despite the large size of NERC's agenda, there remain a number of wholesale electric and gas coordination issues that are not currently being addressed.

Thorough, properly developed energy industry standards could result in more efficient markets and greater market economies, reducing transaction costs for all market participants in each of the four industry segments, in turn reducing consumer prices. Therefore, EEI believes that the creation of an Energy Industries Standards Board (EISB) would be fruitful to pursue, recognizing the existing organizations already at work in, and the products they have created for, the individual gas and electric wholesale market sectors, and the combined retail gas and electric sectors. The primary activity of EISB itself would be administration and, especially, the coordination of standards among the various business units where appropriate. With respect to organization, EEI believes that the four industry segments should cooperate where possible, coordinate where necessary, but remain as independent as the differences among them require.

In particular, EEI believes that, while wholesale gas and electric energy markets have some similar attributes, they have enough distinct traits and unique circumstances (particularly given that electric wholesale issues are in their relative infancy), that the bulk of the issues in those markets should be addressed separately. At the same time, EEI believes that retail gas

³ The Uniform Business Practices Collaborative Group is comprised of a diverse group of electric and gas utilities, energy suppliers, marketers, regulators and consumer groups. Over the past year, the Group has met twelve times and, through an open, collaborative process, has been able to reach consensus on a number of contentious issues. See <http://www.ubpnet.org/> for more information.

and electric issues should continue to be addressed together, recognizing that circumstances may at times require a different retail business standard for the electric segment than for the gas segment, and *vice versa*. Thus, this proposal lays out an organizational scheme where, under one “EISB umbrella,” (1) GISB would continue to develop standards for the gas wholesale market, but would not maintain its present ability to address gas retail business standards, (2) the UBP Collaborative Group (or successor) process would continue to develop retail gas and electric energy market standards, and (3) EISB proponents would work with NERC, FERC, and other involved groups to address all issues related to the benefits of developing joint or coordinated electric wholesale business standards.

With particular regard to the electric wholesale energy market segment, due to the ongoing evolution of the industry, the very different pace of change around the country, the growth of Regional Transmission Organizations (RTOs), and the fact that NERC and other important electric wholesale stakeholders have not yet been involved in the discussion about developing joint or coordinated business practice standards, EEI believes that it is not yet possible to create a structure for the electric wholesale segment of the energy business. However, EEI **does** believe it is crucial to increase the breadth of participation in the discussion of the complicated issues surrounding the development of electric wholesale business practice standards, and the benefits of developing those standards through a joint or coordinated process.

That is why EEI proposes creating at this time a forum to explore all the relevant issues and possibilities, and to ensure that those discussions include the existing standards groups already operating in that arena. Combined with the flexibility EEI proposes to be built into EISB, such a forum would permit progress toward the development of an overall energy industry standards organization, adequately recognize existing institutions, and also allow for the inevitable changes within the energy industry, and especially the electric wholesale segment, that will take place over the next few years.

Principles

Under EEI’s proposed framework, the energy sector(s) that formed an EISB “business unit” (e.g., gas wholesale, or retail gas and electric) would be independent and free to adopt rules and procedures tailored to their specific needs, while still operating under the overall EISB umbrella. Thus, for example, voting rules and industry sectors could differ between the business units. Notwithstanding this individualized approach, the following principles would apply to all.⁴

Independence – The standards organization should be a fully independent, separately incorporated body.

Openness⁵ – The standards organization should conduct its activities in the open. Openness should apply to all aspects of its organizational governance, elections and standards 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.

⁴ According to the American National Standards Institute (“ANSI”), the “guiding principles” for the development of standards are “consensus, due process, and openness.” See www.ansi.org.

⁵ ANSI states “[d]ue process means any person (organization, company, government agency, individual, etc.) with a direct and material interest has a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) appealing if adversely affected. Due process allows for equity and fair play.” In turn, ANSI’s *Procedures for the Development and Coordination of American National Standards* state that due process requires, at a minimum, openness (Sec.1.2.1), balance (Sec.1.2.2), written procedures (Sec. 1.2.4), a right to appeal (Sec. 1.2.5), notice (Sec. 1.2.6), and “consideration ... of the views and objections of all participants” (Sec. 1.2.7).

Voluntary – Participation in the standards organization should be voluntary and adherence to its purely business-related standards should, from the overall organization's perspective, also be voluntary. Membership in the overall organization should not be dependent upon whether the company seeking membership implements those business standards. The overall organization will not maintain any type of standards enforcement activity. However, **reliability** standards for the electric wholesale sector may become mandatory on the members of, and enforceable only by, that segment of the energy industry, as required or permitted by law.

Balance of Interests – “The standards development process should have a balance of interests and shall not be dominated by any single interest category.”⁶ Those interests shall be comprised of parties with a direct and material interest in the standard under consideration.⁷ Voting rules for each business unit with respect to governance and standards development procedures should be consensus-based and provide for balance between industry segments participating in the standards organization so as to prevent any one interest group or group of interests from having the ability to exert undue influence over any other group or any decision.

Inclusivity – Industry stakeholders should be identified and invited to participate in the activities of the standards organization.

Consensus Based Decisions⁸ – Voting rules within each business unit should be constructed to encourage consensus decision-making and a balance of interests. In practice, this should translate into, at a minimum, super-majority voting rules. Additionally, minimum voting segment requirements, and other like measures, may be appropriate.

No Advocacy – The standards organization should be prohibited from taking advocacy positions on its standards 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) should be proposed by members and not by the organization or its committees or subcommittees. The organization's staff should have neither a vote nor a role with respect to conducting the affairs of the organization other than to provide administrative support and perform associated ministerial functions.

Develop Practices, Not Policy – The Committees and Subcommittees of the standards organization should endeavor to not create policy in their practice development activities. To the extent reasonable, the practices to be established should reflect standardization and streamlining of activities chosen from among existing policies and practices.

Organizational Structure

The organizational structure contemplated by this proposal provides for one umbrella organization (EISB), under which operate distinct and independent business units. At least initially, these would be for the gas wholesale market sector (a reformed GISB) and jointly for the retail gas and electric market sectors (as being performed presently by the UBP

⁶ *Procedures for the Development and Coordination of American National Standards* at 1.2.2.

⁷ *Ibid.* at 1.3.

⁸ ANSI states: “[c]onsensus” means substantial agreement has been reached by directly and materially affected interest categories. This signifies the concurrence of more than a simple majority, but not necessarily unanimity. Consensus requires that all views and objections be considered, and that an effort be made toward their resolution.” *Procedures for the Development and Coordination of American National Standards* at 1.3.

Collaborative Group). At this time, the electric wholesale market sector would be a forum for discussion of the issues surrounding development of a standards body for that industry segment. The primary activity of the EISB itself would be administrative and coordinating, especially including coordination of standards among the various business units where appropriate.

Importantly, and just as currently exists for GISB, the new EISB would be subject to a limited term of existence (that may be extended by the vote of the members). EEI agrees that it is not in the best interests of any market segment of the energy business for a voluntary standards organization to exist simply for the sake of existence. Moreover, given the fluid nature of the energy industry at this time, and certainly for the next few years, dramatic changes to any such standards organization may be necessary. They will be far easier to make if the proposed EISB has a limited life span. EEI believes that such a period reasonably could be five years from the date of formation.

BUSINESS UNITS

Initially, there would be two functioning, independent business units, each responsible for the business practices in its area. Depending upon the outcome of the discussion in the electric wholesale segment, there may eventually be a third such business unit. Voting rules and the represented industry sectors are likely to differ between the business units.⁹ Each business unit would be responsible for selecting its representatives to the Board, the Executive/Triage Committee, and the various EISB subcommittees.

Gas Wholesale - In that GISB is already an on-going concern with a track record of successfully serving the gas wholesale industry, GISB's standard development process would continue to operate in a business-as-usual mode. That is, the procedures and rules that it currently employs would not have to change unless GISB's members, *i.e.* gas wholesale industry stakeholders, wanted to change them for some reason. However, it is recognized that GISB, as currently formed, has the authority to address retail gas issues, although it has not yet done so. Thus, under EEI's proposal, GISB would be reformed to *exclude* retail gas issues from its ambit, and those functions would be transferred to the retail gas and electric business unit.

Retail Gas and Electric - With respect to retail energy markets, as in the continuing provision of gas wholesale standards by GISB noted above, EEI's proposal provides for the continuing provision of retail energy business practices by UBP. UBP is in the process of publishing a final set of guidelines on a number of retail energy market issues after working for more than a year. Proposals for the development of guidelines on new issues have already been received. In addition, maintenance of the soon-to-be published document will be required. It is recognized that, to this point, UBP is not formally organized, although it is also recognized that the UBP Collaborative Group has taken steps in that direction, and would need to do so in order to continue its process.

Electric Wholesale - At this time, this proposal provides only for a forum to discuss the formation of a joint or coordinated electric wholesale business standards effort rather than the immediate creation of an EISB business unit. EEI believes that it is vitally important to begin the process of discussing with NERC and with FERC commissioners and staff the concept of an electric wholesale standards body. However, the complexity and fluidity of the issues facing

⁹ For instance, UBP has an Advisory Committee that is comprised of a balance of membership of interests. The Advisory Committee has exercised decision-making authority over items like meeting agendas and general direction of the process. In addition, the UBP group developed its own set of voting rules, which identifies voting segments, includes a supermajority requirement, and minimum segment-voting requirement.

this market segment prevent EEI, for the time being, from recommending any new structure to develop electric wholesale business practice standards.

The Work Already Underway is **Not** Being Conducted by a Single Organization: Contrary to the situation in the gas wholesale and the retail market segments, important work to develop standards for electric wholesale transactions is underway by several organizations, none of which have yet been involved in discussion of the concept of an energy standards organization:

1. FERC requires transmission providers (participants in the electric wholesale market) to disseminate information pertinent to open-access service through electronic systems (*i.e.*, FERC's Open Access Same Time Information Systems ([OASIS])). The details of this requirement are business practices. In addition, FERC recently issued a directive for the industry to develop OASIS Phase II, the next generation of standardization for electric wholesale transmission transactions.
2. NERC has historically provided reliability standards for the bulk power component of the electric industry, including the operation of interconnected transmission grids as well as elements of distribution systems. Because of the strong link between reliability and business practices, NERC in recent years has taken on an increasing number of projects addressing reliability rules that impact electric wholesale commercial transactions. These include FERC's OASIS requirements, transmission loading relief, auxiliary services, and the like. NERC's Market Interface Committee was created to address a large number of these matters, and the Operations Committee as well as the Planning Committee has also addressed market-related reliability issues.
3. FERC's Order No. 2000 is leading to the formation of RTOs. These will be important new participants in the wholesale market sector, yet their membership and governance are only now beginning to be determined. Once they have been formed, RTOs are then required to address many business practice standardization issues, both internally and where they interconnect with each other (the "seams" issues).
4. Finally, the next Congress may enact national electric system reliability legislation that will transform NERC into a reliability standards organization capable of enforcing its standards. Such legislation passed the Senate this year. The development of this FERC-jurisdictional, national electric reliability organization could introduce additional complexities affecting all electric wholesale business practice standards and standard-setting efforts.

Recommendation: The complexity and fluidity of the electric wholesale situation precludes EEI from recommending any one structure for an EISB electric wholesale business unit. However, EEI believes it is necessary to begin discussing with NERC and with FERC commissioners and staff the concept of an electric wholesale standards organization. Therefore, EEI suggests the formation of a forum to discuss the issues surrounding creation of an organization to address all electric wholesale business practice standards. Such a forum, although under the overall umbrella of EISB, would *not* consider or develop business practice standards at this time.

EISB would be able to function well under this structure, because it permits ongoing gas wholesale, and retail gas and electric, work to continue, and is flexible enough to deal with the changes likely to come about in the energy industry. The gas wholesale market, and the retail gas and electric markets, have important work ongoing and much more yet to be done. They must be permitted to continue their work unimpeded by the uncertainty that would result from failing to create any unified standards organization at all, or failing to create an effective structure for such an organization. This proposal allows such ongoing efforts to continue under an EISB umbrella.

This proposal is flexible because it does not preclude the future development of a joint or coordinated electric wholesale business practice standards effort. In particular, under EEI's proposal EISB would be able to add, modify, or eliminate business units as necessary in order to reflect changes in the grouping of market sectors and the will of all industry participants (or

as required by law). In this way, the industry gets the benefit of organization now, without being impeded in the future by a rigid structure that cannot respond to industry developments and market changes.

MEMBERSHIP

Members - EISB Members are entities participating in the wholesale and/or retail natural gas and/or electricity markets. Trade associations, advocacy groups, special interest or advocacy groups, and utility commissions or commission staff are not eligible to become members but may and are encouraged to participate in the organization. Entities may join any or all of the EISB business units. Dues payments are split between general EISB membership and dues for any of the three business units joined. Within each business unit, declaration of segment participation and other requirements for participation would be pursuant to each respective business unit's rules and procedures, as approved by the EISB Board of Directors.

Members as a whole shall, by simple majority vote, ratify all standards approved by a business unit. Members as a whole, by a super-majority vote, shall ratify any governance changes approved by the Board of Directors. Within the several business units, members shall adopt standards by means of super-majorities, as determined by those units, in order to protect any one portion of a business unit from being dominated by the others in that unit.

Nonmembers - Interested parties (*e.g.*, trade associations, utility commission staff, advocacy and special interest groups, *etc.*) can participate in any working subcommittee or task force (except the Board and the Executive/Triage Committee) and attend all open meetings, including the Board and Executive Committee meetings. (As currently the case with GISB, meetings will be closed only for very limited reasons, primarily when discussing issues related to EISB personnel.) All nonmembers may comment on any proposed standard prior to consideration by the Executive/Triage Committee. Nonmembers *are* eligible for membership on the Advisory Committee.

STRUCTURE

EISB Board of Directors - The Board of Directors would be responsible for funding, annual plan definition and approval, changes to governance document(s) and EISB structure, and the overall direction of the organization. The Board would be comprised of an equal number of members from each existing business unit, each Board member from a distinct member organization, and no more than one member from the same corporate family. Agents for member companies would not be permitted to be Board members.

The Board is the determining body for scope and other governance issues related to EISB. The Board will approve an Annual Plan describing the areas of and general priorities for standards development. The Board shall act by simple majority vote. However, a super-majority vote of the Board is required to adopt governance changes (similar to GISB's requirements, but modified to reflect the tripartite nature of EISB). Governance changes must also be approved by a super-majority of the overall EISB membership.

Regarding possible governance changes, the Board should be able to add, modify, or eliminate business units as proposed by interested market participants in order to reflect new groupings of market sectors, the desires of all interested industry participants, or the requirements of law. Board, Executive/Triage Committee, and subcommittee membership, in addition to any specific provisions for super-majority voting, must be altered to reflect any such changes in business unit structure. In addition, the Board would vote on extending the life of EISB past the "sunset" date. These are all governance changes that would need to be approved by a super-majority of the overall EISB membership.

Business unit procedures, including those relating to Board and Executive/Triage Committee membership, shall be submitted to the Board for ratification. However, the Board may decline to ratify any such procedures only if they are not consistent with EISB's articles of

incorporation, bylaws, or other legal requirements. The Board may create committees as needed to carry out its deliberations and responsibilities.

Board Membership: Board members are individuals who are elected to the Board from among the membership of each business unit according to procedures developed by each business unit and approved by the Board. Board member terms are two years in duration, initially staggered *within* each business unit to provide for continuity of the Board. Board members shall serve for their full term provided they continue to be affiliated with EISB members in good standing, including meeting the applicable requirements for that business unit from which he or she is elected.

Board Meetings: Board meetings shall be at locations determined jointly by the Board Officers. Board members may participate and vote by means of tele-conference or other electronic means. However, Board members are not permitted to delegate their responsibilities to or substitute other individuals for them. Eligibility to continue serving as a Board member is dependent upon 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 temporary disability will result in forfeiture of the Board seat and an election to fill the seat by the next Board Meeting.

Executive/Triage Committee - The Executive/Triage Committee ("ETC") has the primary responsibility for coordination between the three business units and is solely responsible for hearing appeals. As with the Board, the ETC would be comprised of an equal number of members from each existing business unit, each ETC member from a distinct member organization, and no more than one member from the same corporate family. The ETC would review proposed standards and, after such review, would assign them to the appropriate business unit. During the course of its review, the ETC would compare the proposed new standard to any existing standard and/or review it for potential significant impact on another standard. If it determines that an existing standard is similar to and should be coordinated with the new proposed standard, and/or would have more than a *de minimis* impact on another standard, the ETC would notify the business unit assigned the new proposed standard to consider the existing standard and/or potential significant impact, and to coordinate and collaborate with all other relevant business units, during its deliberations.

For instance, if the ETC received a proposal for a standard electric day, it would probably assign the standard to the electric wholesale business unit. Because GISB already has a standard gas day, the ETC would probably also notify the gas wholesale business unit, and request both units to work together to see if standard days for electricity and gas should be the same or otherwise coordinated.

ETC jurisdiction after approval of a standard by a business unit would be limited to process questions and not substantive matters *i.e.*, whether the business units followed their own procedures and not whether they made a good decision. The ETC would develop procedures for processing appeals and would submit such rules to the Board for approval. The ETC may create subcommittees as needed to carry out its responsibilities. Absent appeals on procedural grounds, the ETC would submit a standard approved by a business unit to the general EISB membership for approval by a simple majority.

ETC Membership: ETC members are individuals who are elected from among the membership of the three business units according to procedures developed by each business unit and approved by the Board. ETC terms are three years, and are initially staggered *within* each business unit, similar to Board procedures. ETC Members will serve for their full term provided they continue to be affiliated with an EISB member in good standing, including meeting the applicable requirements for the business units from which they are elected.

ETC Meetings: Executive/Triage Committee Meetings shall be in person at times and locations determined jointly by the Chair and Vice-Chair of the Committee. In addition, ETC Members may participate and vote by means of tele-conference or other electronic means. Eligibility to serve as an ETC Member is dependent upon attendance at no less than 50% of scheduled ETC 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 temporary disability will result in forfeiture of the ETC seat and an election to fill the seat by the next ETC meeting.

Elected, named members of the ETC are not permitted to delegate their duties or substitute other individuals for them. However, a business unit *may* have procedures that permit the election and seating of Alternates. Where a business unit does have such procedures, Alternates shall be recognized as attending an ETC meeting on behalf of the elected, named member, and may vote upon matters duly scheduled for that meeting.

Advisory Committee - The Advisory Committee is composed of interested nonmembers with particular expertise and constituencies such as regulators, regulatory staff, other governmental officials, representatives of consumer advocacy organizations, and trade associations. It advises the Board with respect to, and may propose that the Board consider, the overall direction of the organization and items for the annual plan. At the Board's discretion, it may also address specific questions placed before it by the Board.

Other Operating Practices and Procedural Matters - Business Unit Coordination: Coordination between the business units would be on two levels. First, each business unit would appoint a liaison to the other business unit(s) and to the ETC. In addition, *ad hoc*, specially constituted subcommittees consisting of equal numbers from each affected business unit could be created to deal with coordination on individual standards *as needs arise*. (Note that these special subcommittees would *not* be "standing" or permanent.)

Subcommittees: Three subcommittees - Interpretations, Information Requirements, and Technical - would be formed to provide the necessary instructions, documentation and technical guidance to allow for implementation and use of business practice standards, each such subcommittee to have equal business unit representation.

Elections: As noted above, members of the Board of Directors and the Executive/Triage Committee are to be elected according to each respective business unit's procedures and from the membership of said business unit. Terms for the Board of Directors are two years, and are initially staggered *within* each business unit. Executive/Triage Committee terms are three years, also initially to be staggered *within* each business unit.

Funding: 1. Dues would be levied at \$1000-1500 per membership for EISB and \$3500-4000 each for membership in the reformed gas wholesale, retail gas and electric, and electric wholesale business units.

2. Sponsorship funding may also be solicited from any source, with no guarantee that such funds will be credited against dues (if membership is possible for such source).

3. Meeting fees may be charged to recover costs.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

4. ANNUAL PLAN

- In this section you will find the 2000 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.
- Mr. Buccigross and others will review the progress made towards the standards development related to FERC Order No. 637.
- Mr. Buccigross and Ms. McQuade will review the 2001 Annual Plan presented in these materials for your approval. **The Board will be asked to review the proposed plan, suggest changes if any, and approve the plan for use in 2001 through a simple majority vote.**



Gas Industry Standards Board

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GAS INDUSTRY STANDARDS BOARD

2000 ANNUAL PLAN

STATUS PROVIDED OCTOBER 12, 2000

Mission Statement

The mission statement that was previously adopted by the Board to guide our planning process 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

For background, our 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."

2000 Plan Description

The 2000 Annual Plan has four categories: (1) Contracts, (2) Interoperability, (3) Gas & Electric Retail Marketing, and (4) Standards Maintenance & Fully Staffed Standards Work - in no particular order. The completion dates for each item indicate a relative priority. 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, in order to deal with issues on the electric side which are similar to those with which we have dealt on the gas side. This consideration will not occur until March at the earliest, and as such, part 3 (items 9 and 10 of the plan) are pending Board approval. Other items are considered approved by the Board of Directors on December 2.



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Each of the four categories of development is described below:

1. Contracts: Three standards development activities for contracts are defined. All three are related to the purchases and sales of natural gas.
2. Interoperability: 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 not define conflicting specifications so that accessing one web site ensures that other web sites are inoperable. There are five standards development related activities regarding interoperability. They are:
 - The development and administration of an Interoperability Survey which would identify industry operating environments,
 - The development of standards and modifications of existing standards based on Sandia National Labs Surety Report to be released before the first quarter 2000,
 - The review and modification of GISB web standards based on interoperability issues,
 - The review and/or modification of GISB EDM security standards, including the determination of whether to develop a web-based public key repository using Network Associates software and the development of such a repository if determined, and
 - The completion of the AS2 Convergence Project, which is already underway.
3. Gas & Electric Retail Markets: Should the Board determine that retail market transactions are within scope, or that our scope should be amended to make it such, the annual plan items defined follow the similar structure for the development of the web standards in 1999. This structure is to define the plan for the development of the retail market standards, gain approval of the plan by the Board of Directors, and then develop the business practice standards and electronic communication standards according to the approved plan. The approved plan would become part of this annual plan.

The Board on December 2 agreed to: "...propose and facilitate a broad based meeting, involving gas and electric industry representation, regarding the need and support for an organization whose role would be to develop wholesale and retail energy standards. GISB should establish a committee to recommend to the Board at the March meeting, a course of action and



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revised governance documents which would accommodate the development of electric and gas wholesale and retail standards."

4. Standards Maintenance and Fully Staffed Standards Work: This item includes four areas of effort to respond to requests for standards or standards modifications and requests for interpretation. There is a significant backlog of work in the definition of information requirements to address requests from the EBB Internet Implementation Subcommittee, the information requirements to accompany the business practice standards for title transfer tracking, allocations, and imbalance netting and trading.



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GAS INDUSTRY STANDARDS BOARD 2000 ANNUAL PLAN

ITEM DESCRIPTION	SCHEDULED COMPLETION ¹
Contracts	
1 Build an electronic contract from the short-term base contract for purchase and sales of natural gas. STATUS: Awaiting completion of item no. 2, and will experience delays.	3 rd Qtr
2 Modify the short-term base contract for purchase and sales of natural gas based on several years' use STATUS: Efforts underway, concluding review and determining how to address issues raised that may fit in the long term contract (item no. 3). This will not be completed by the third quarter.	3 rd Qtr
3 Contracts Request No. R98019 - Development of a Standard/Model Long Term Base Contract for Purchase and Sales of Natural Gas STATUS: Awaiting completion of item no. 2. This will not be completed by the fourth quarter.	4 th Qtr
Interoperability	
4 Interoperability Survey STATUS: Complete. Survey developed and distributed to members. The survey is being reviewed for changes to the GISB standards.	3 rd Qtr
5 Development of standards and modifications of existing standards based on Sandia report STATUS: Report forwarded to the EDM subcommittee for preparation of recommended changes to standards.	3 rd Qtr
6 Review and modify GISB web standards based on interoperability issues STATUS: FTFF Subcommittee reviewing survey for changes to standards based on identified interoperability issues.	4 th Qtr
7 Review suitability and/or modifications to GISB EDM security standards STATUS: Underway based on findings of Sandia report.	4 th Qtr
8 AS2 Convergence Project STATUS: Complete.	1 st Qtr
Order 637	
9 Address standardization issues raised in Order 637 (plan attached) STATUS: Work underway on the plan and it is substantially complete with regard to business practice issues. Several recommendations have been endorsed by the EC	4 th Qtr

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.



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ITEM DESCRIPTION	SCHEDULED COMPLETION ¹
and are currently out for ratification.	
Program of Standards Maintenance & Fully Staffed Standards Work²	
Business Practice Requests beginning with Capacity Release Requests	
Information Requirements and Technical Mapping of Business Practices	
Ongoing Interpretations for Clarifying Language Ambiguities	
Ongoing Work on Code Values and Other Technical Matters	

² This work is considered routine maintenance and thus the items are not separately numbered.



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GAS INDUSTRY STANDARDS BOARD

2000 ANNUAL PLAN – FERC Order No. 637

Category/Action Item	Assignment	Priority ³
Capacity Release:		
1. Review timelines for modifications including accommodation of intraday or partial day capacity releases (Affects GISB Standard No. 5.3.2 and related interpretations).	BPS	6
2. Review elimination of the restrictions on partial day recalls (Affects GISB Standard Nos. 5.3.6, 5.3.7).	BPS	6
3. Change data sets to accommodate rates in excess of TSP's max rate. (Affects GISB Standard Nos. 5.4.1, 5.4.2, 5.4.7, 5.4.8, 5.4.9).	BPS	1
Imbalance Netting & Trading		
4. Develop imbalance netting and trading data sets and web site display.	EDD	Already underway
Timely Imbalance Information		
5. Review the EC adopted standards (1999AP7, R97117 & R97118) resulting from the imbalance netting and trading standards to identify any potential inconsistencies with Order No. 637, including any additional provisions needed to accommodate Order No. 637 requirements. Also review possible web site display.	IMB	1
Balancing Services		
6. Prepare a list of imbalance related code values.	IR	1
7. Accommodate 3rd party balancing services interaction with TSPs.	BPS	8
Transactional Reporting		
8. Review award data set codes and structure for firm and interruptible transportation (FT and IT) reporting (Affects GISB Standard No. 5.4.3).	BPS	3
9. Accommodate visual display web pages for FT and IT reporting.	BPS	4
10. Review and establish a timeline for posting.	BPS	9
Data and Visual Display		
11a. Accommodate D-U-N-S® Number and name in Internet postings and their corresponding downloadable files. Add the field for the name in the Internet postings and downloadable files.	IR	3
11b. Accommodate D-U-N-S® Number and name in Internet postings and their corresponding downloadable files. Determine what information goes into the data element – either D&B name or TSP name.	COMCD	1
12. Inventory usage or accommodation of agents in existing data sets.	IR	2
13. Review the method for collecting information on the releasing shipper's relationship to the acquiring shipper.	BPS	5

³ Priority is a relative priority for the given assigned subcommittee.



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Category/Action Item	Assignment/Priority³	
Organizational Postings		
14. Determine placement/navigation for the organizational postings within the Informational Postings section of web sites	EDM	1
Operationally Available Capacity		
15. Review the EC adopted standards resulting from request no. R99033 to identify inconsistencies with FERC Order No. 637.	BPS	2
16. Document the extent to which existing informational postings requirements address planned and actual service outages.	EDM	2
17. Accommodate increased frequency of posting for operationally available capacity. <i>(To be addressed together with item XV).</i>	BPS	2
Index of Customers		
18. Correctly reflect the FERC order reference and section number (GISB Standard No. 4.3.16) and data element ordering (GISB Standard No. 4.3.35).	BPS	See note ⁴
Operational Flow Orders		
19. Accommodate reporting of the reasons for and the severity of outages. To accommodate the reporting, there are two issues: (1) where the OFO reporting is placed on the web site and (2) whether the report is standardized for reasons of outage and severity or whether the report is textual (i.e. through the existing informational postings).	BPS	7

⁴ Begin once the FERC issues the revised report format.



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GAS INDUSTRY STANDARDS BOARD

DRAFT 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 DRAFT 2001 ANNUAL PLAN

Item Description	Completion¹	Assignment²
Contracts		
1 Modify the short-term base contract for purchase and sales of natural gas based on several years' use	1 st Qtr	EC
2 Build an electronic contract from the short-term base contract for purchase and sales of natural gas.	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.	4 th Qtr	EC
4 Determine if a standard transportation services agreement is needed and if so, develop it.	4 th Qtr	EC
5 Determine if a model financial hedging agreement is feasible and if so develop a model financial hedging agreement.	4 th Qtr	EC
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
7 Develop plan to address "versioning" and other interoperability issues, and implement action items, including changes to existing GISB standards	3 rd Qtr	EC
8 Develop XML plan and complete action items, including consideration of a pilot transaction.	4 th Qtr	EC
Standards Implementation		
9 Complete the implementation of FERC Order 637 standards.	2 nd Qtr	EC
10 Continue review against plan for migration to ANSI ASC X12 new versions as needed.	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 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	Completion¹	Assignment²
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
12 Prepare development plan for gas retail standards.	2 nd Qtr	Board/EC
13 Consider establishment of an Energy Standards Board, which would encompass GISB, its products and ongoing work.	Ongoing	Board
Program of Standards Maintenance & Fully Staffed Standards Work³		
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

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



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

5. FINANCE REPORTS

- In this section you will find the 2000 Finance Report as of October 31, 2000.
- Rae McQuade and Darla Wishart will review the finance reports and answer questions.
- In this section, you will also find a draft budget for 2001. The Board task force is review this budget and may suggest changes prior to the Board meeting. If changes are made, an amended draft budget for 2001 will be forwarded to Board members prior to the Board meeting and posted on the GISB web site. **The Board will be asked to review the 2001 proposed budget, suggest changes if any, and approve the budget for use in 2001 through a simple majority vote.**



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TO: GISB Board of Directors
FROM: Rae McQuade, Executive Director
RE: Variance Report - October 2000
DATE: November 27, 2000

Attached is the variance report as of October 31, 2000 based on the approved budget and the accrual based actuals.

Revenue Accounts	2000 Budget	Oct YTD Budget	Oct YTD Actuals	Variance YTD	Expected YE	Variance YE
Membership Dues	\$750,000	\$740,000	\$747,031	\$7,031	\$760,000	\$10,000
Certification	\$22,000	\$22,000	\$22,500	\$500	\$22,500	\$500
Courses & Meetings & Products	\$78,000	\$70,000	\$68,815	\$(1,185)	\$70,000	\$(8,000)
Advertising	\$25,000	\$20,000	\$21,900	\$1,900	\$25,000	\$0
TOTAL	\$ 875,000	\$ 830,000	\$ 860,246	\$ 8,246	\$ 877,500	\$2,500
Expense Accounts						
Salaries, Benefits & Taxes	\$410,000	\$330,000	\$309,234	\$(20,766)	\$400,000	\$(10,000)
Office Rents	\$45,000	\$37,500	\$35,320	\$(2,180)	\$43,000	\$(2,000)
Office Expenses	\$45,000	\$37,500	\$31,745	\$(5,755)	\$40,000	\$(5,000)
Telecommunications	\$65,000	\$54,167	\$43,249	\$(10,918)	\$55,000	\$(10,000)
Travel & Meetings	\$100,000	\$83,333	\$95,587	\$12,254	\$115,000	\$15,000
Publications	\$50,000	\$41,666	\$44,338	\$2,672	\$55,000	\$5,000
Outside Services	\$110,000	\$91,667	\$109,391	\$17,724	\$125,000	\$15,000
Insurance	\$10,000	\$8,000	\$3,602	\$(4,398)	\$10,000	\$0
Other (Contingency)	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$835,000	\$683,833	\$672,466	\$(11,367)	\$848,000	\$8,000
Capital Expenditures						
Computer Equipment	\$40,000	\$40,000	\$19,614	\$(20,386)	\$20,000	\$20,000
TOTAL	\$40,000	\$40,000	\$19,614	\$(20,386)	\$20,000	\$(20,000)



Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

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

Home Page: www.gisb.org

General Summary:

The revenue collected is higher than budgeted, with GISB revenues higher than expected for dues and lower than expected for courses and meetings. The expense total year-to-date within 1.6% of the budget excluding capital expenditures (\$683,833 budgeted versus \$672,466 spent). The capital expenditures planned for this year are significantly under budget and will remain so for the remainder of the year. By year end, we will have realized the budgeted revenue stream (within 0.3%, \$2,500 more than budgeted) and we will have lowered expenditures (within 1.4%, \$12,000 less than budgeted) for a net gain of \$14,500 (1.7%).

Notes:

- (1) Courses, Meetings and Products: The category overall is under budget and expected to be so at year-end, as one set of classes was cancelled, and the courses for the next version of standards will not be available until next year.
- (2) Office Expenses: This category does not include the depreciation expense of \$14,153 primarily for computer equipment. By yearend, the depreciation expense should be \$16,983.
- (3) Telecommunications: The expenses for conference calling and faxing are less than estimated, and if continued, should result in a \$10,000 savings in this account. Also contributing to the savings is the delay in installation of our DSL lines, due to Southwestern Bell's scheduling difficulties.
- (4) Travel & Meetings: This category is expected to be 15% over budget by yearend. Additional meetings, not planned for in the original budget contributed to the increased cost.
- (5) Outside Services: This category has overruns due to two legal counsel payments -- \$5,000 of which will not be accommodated through subsequent reports, and unanticipated computer and phone maintenance costs.
- (6) Capital Expenditures: This category is under planned expenditures and will remain so. Some of the expenditures have been delayed to 2001.



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Accounts Receivable Aging Report Accrual Based, As of October 31, 2000

Accounts Receivable	\$ 667,890
- Receivables related to 2001 membership dues	\$605,000
<hr/>	
Accounts Receivable Not Related to 2001 Dues	\$62,890
- Receivables 0-30 days old related to 2000 membership dues	\$40,000
- Other Receivables 0-30 days old	\$ 540
<hr/>	
Accounts Receivable Older Than 30 Days¹	\$22,350
- Receivables 30 – 60 days old for membership dues Kansas Pipeline, BTUWatch.com	\$10,000
- Other Receivables 30 – 60 days old Pemex Class Attendance, Reliant Energy Material Order	\$2,350
- Receivables 60 - 90 days old for membership dues IPNet Solutions	\$5,000
- Other Receivables 60 – 90 days old	\$0
- Receivables 90+ days old for membership dues Energy Solutions International	\$5,000
- Other Receivables 90+ days old	\$0

¹ Several payments were received after October 31, including: Kansas Pipeline, Reliant Energy, Pemex, and IPNet Solutions, bring the total accounts receivable older than 30 days to \$10,000.



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TO: Stan Horton, Jim Templeton, Bill Boswell, Lyn Maddox, Hugh Roberts, Jim Buccigross
FROM: Rae McQuade, Executive Director
RE: Draft Budget 2001
DATE: November 27, 2000

Attached is a draft budget for 2001, based on the year-end 2001 expenses with reductions where possible, and expectations for revenues generated in 2001. The numbers for Expected YE 2000 and YTD 2000 Expenses are accrual based. The budget does not include additional expenses or revenue related to the creation of an energy standards board.

Revenue Accounts	2000 Budget	2000 Expected YE	October 2000 YTD Expenses	Draft 2001 Budget	
Membership Dues	\$750,000	\$760,000	\$747,031	\$760,000	1
Certification	\$22,000	\$22,500	\$22,500	\$22,500	2
Courses & Meetings & Products	\$78,000	\$70,000	\$68,815	\$70,000	3
Advertising	\$25,000	\$25,000	\$21,900	\$25,000	4
TOTAL	\$875,000	\$877,500	\$860,246	\$877,500	
Expense Accounts					
Salaries, Benefits & Taxes	\$410,000	\$400,000	\$309,234	\$415,000	
Office Rents	\$45,000	\$43,000	\$35,320	\$45,000	
Office Expenses	\$45,000	\$40,000	\$31,745	\$40,000	
Telecommunications	\$65,000	\$55,000	\$43,249	\$55,000	5
Travel & Meetings	\$100,000	\$115,000	\$95,587	\$110,000	6
Publications	\$50,000	\$55,000	\$44,338	\$60,000	7
Outside Services	\$110,000	\$125,000	\$109,391	\$120,000	8
Insurance	\$10,000	\$10,000	\$3,602	\$10,000	9
Other (Contingency)	\$0	\$0	\$0	\$0	
Capital Expenditures	\$40,000	\$20,000	\$19,614	\$20,000	10
TOTAL	\$875,000	\$868,000	\$692,080	\$875,000	



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General Summary:

The proposed 2001 GISB Budget is \$ 875,000 – which is flat compared to the 1999 budget, with some adjustments among accounts. The notes below correspond to the chart on the previous page.

Notes:

- (1) Membership Dues: \$ 760,000 is based on dues from 152 members – which is basically flat compared to 2000. We currently have 156 members, accounting for the loss of members due to mergers and changing company priorities.
- (2) Certification: We have had queries from 3 companies regarding certification, two planned for the first quarter 2001. We anticipate three certifications in 2000 -- \$ 22,500. Version 1.4 will be available for certification in 2001, which should increase the number of certifications. This account is probably underestimated.
- (3) Courses & Meetings & Products: We expect to hold one set of courses on version 1.5, four contracts classes with the new contract, sell CDs of our manuals for our manuals, and have three single topic courses. We do not expect significant changes in this revenue account.
- (4) Advertising: We expect a similar level of advertising net revenue in both the newsletter and web page in 2001.
- (5) Telecommunications: We expect to hold more teleconference calls in 2001, but renegotiated our contract with MCI to hold the expenses to those experienced in 2000. Other expenses are broadcast fax, Internet Service Provider fees, DSL charges and phone expenses.
- (6) Travel and Meetings: We expect to hold travel expenses to the last year's actual expenses (minus the travel expenses incurred for the meetings held regarding the creation of an Energy Standards Board) – with member companies hosting GISB Executive Committee meetings. AGA, Dominion, Boeing, KeySpan Energy, CIG and Reliant Energy are thanked for their sponsorship of these meetings.
- (7) Publications: Our expenses for 2001 are projected to slightly increase over the levels from last year as the transcription rates have increased and the number of meetings to be transcribed has increased as we will be holding Executive Committee conference calls for the months that we are not meeting face-to-face. The purpose of the calls is to frame the issues for the face-to-face meetings.
- (8) Outside Services: Our outside services have been increased over our budget to reflect additional accounting support and technical support for our computer and phone equipment. It is reduced for the yearend expectations of actual expenses because we have reduced the travel portion of legal expenses through legal counsel attendance at our Executive Committee meetings via conference call.
- (9) Insurance: This category remains at the same level as 2000.
- (10) Capital Expenditures: Last year, the capital expenditures for computer equipment were postponed for the scanner, printers and other computer peripherals. The amount in this account is the carry over from 2000.



**GAS INDUSTRY STANDARDS BOARD
BOARD OF DIRECTORS MEETING MATERIALS
DECEMBER 7, 2000**

6. 2000 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 2000
Prepared November 27, 2000**

End Users

- NEW* 1 ANP Marketing Company
- 2 Arizona Public Service Company
- 3 Boeing Co.
- 4 Cinergy Services, Inc.
- 5 Citizens Power Sales
- 6 Comprehensive Energy Services
- 7 Defense Energy Support Center
- 8 Edison Mission Marketing and Trade
- NEW* 9 El Paso Merchant Energy
- NEW* 10 Entergy Services, Inc.
- 11 Florida Power & Light Company
- 12 GPU Energy
- NEW* 13 Imperial Irrigation District
- 14 Midland Cogeneration Venture
- 15 PPL EnergyPlus
- 16 Reliant Energy HL&P
- 17 Salt River Project Agricultural Improvement and Power District
- 18 Tennessee Valley Authority

Government

- 1 Department of Energy

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 Crestar Energy, Inc.
- 8 Devon Energy Corp.
- 9 ExxonMobil Gas Marketing
- 10 Marathon Oil Company
- 11 Occidental Energy Marketing Inc. (OEMI)
- 12 PanCanadian Petroleum
- 13 Texaco Natural Gas, Inc.

LDCs

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

**Gas Industry Standards Board
Member List 2000
Prepared November 27, 2000**

Pipelines

- 1 Algonquin Gas Transmission
- 2 Alliance Pipeline Ltd.
- 3 ANR Pipeline Company
- 4 CMS Panhandle Eastern Pipe Line Co.
- 5 CMS Trunkline Gas Company
- 6 Dominion Transmission, Inc.
- 7 Colorado Interstate Gas Co.
- 8 Columbia Gas Transmission
- 9 Columbia Gulf Transmission Co.
- 10 El Paso Energy Pipeline Group
- 11 Equitrans LP.
- 12 Florida Gas Transmission Co.
- 13 Great Lakes Gas Transmission
- 14 HS Resources Inc.
- 15 Iroquois Gas Transmission System
- 16 Kansas Pipeline Company
- 17 Koch Gateway Pipeline
- 18 Mid Continent Market Center
- 19 Mid Louisiana Gas Company
- 20 Mississippi River Transmission
- 21 National Fuel Gas Supply Corp.
- 22 Natural Gas Pipeline Co of America
- 23 Northern Border Pipeline Co.
- 24 Northern Natural Gas Co.
- 25 NOVA Gas Transmission Ltd.
- 26 Ozark Gas Transmission, L.L.C.
- 27 PG&E Gas Transmission
- 28 Pemex Gas y Petroquimica Basica
- 29 Portland Natural Gas Transmission System
- 30 Questar Pipeline Co.
- 31 Reliant Energy Gas Transmission Company
- 32 Sabine Pipe Line Company
- 33 Southern Natural Gas Co.
- 34 Shell Gas Transmission, LLC
- 35 Tennessee Gas Pipeline
- 36 Texas Eastern Transmission Corp
- 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

- 1 AEP Energy Services, Inc.
- NEW* 2 Akili
- NEW* 3 Allegro Development
- 4 Altra Energy Technologies, L.L.C.
- 5 Aquila Energy
- 6 Artios, Inc
- NEW* 7 Blackstone Technology Group
- 8 British Columbia Power Exchange Corp.
- 9 BTUWatch.com
- 10 Caminus
- 11 CapacityCenter.com
- 12 CGI Group
- 13 Coral Energy Resources, L.P.
- 14 Deloitte & Touche Consulting Group
- NEW* 15 DTE Energy Trading, Inc
- 16 Dynegy Inc.
- 17 Dynegy Marketing and Trade
- 18 Elite Computer Consultants
- 19 Energy Solutions International
- 20 Enron Administrative Services Corp.
- 21 Enron Capital & Trade Resources
- NEW* 22 Exceleergy
- 23 GE Information Services
- 24 Group 8760, LLC
- 25 Hatch Associates Limited
- 26 IBM Corporation
- 27 IDACORP Energy Solutions

**Gas Industry Standards Board
Member List 2000
Prepared November 27, 2000**

Services (Continued)

- 28 Internet Commerce Corp.
- NEW** 29 IPNet Solutions, Inc.
- 30 K N Energy, Inc.
- 31 Koch Midstream Services Co.
- 32 Latitude Technologies
- 33 Merchant Energy Group of the Americas, Inc.
- 34 Merrill Lynch Capital Services, Inc.
- 35 Northeast Gas Markets, LLC
- 36 NrG Information Services, Inc.
- NEW** 37 PanCanadian Energy Services, Inc.
- 38 PaperFree Systems, Inc.
- 39 Pepco Gas Services
- 40 PG&E Energy Trading
- 41 Proxicom, Inc.
- 42 Reliant Energy Services, Inc.
- NEW** 43 ServicePro Professional Technical Services
- 44 Southern Company Energy Marketing
- NEW** 45 Spherion
- 46 Sterling Commerce
- NEW** 47 Systrends, Inc.
- 48 Tractebel Energy Marketing, Inc.
- 49 TXU Energy Trading Co.
- NEW** 50 U.S. Power Solutions Corporation
- 51 Utility Partners, Inc.
- 52 Williams Energy Services Co.

The designation of "new" next to a company indicates that it joined in 2000 as a first year member of GISB.