



June 23, 2004

North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, TX 77002
Attention: Mr. Todd Oncken

Re: GECTF Draft Final Report

GECTF Leadership & Participants:

Having participated in the Gas Electric Coordination Task Force (GECTF) efforts, I believe that the group should be proud of its work with respect to raising the gas and electric industries level of understanding of each other's business. In this regard, the time spent was productive and the groups' work products, (issues lists and presentations) will set the stage for future work in this area of transaction coordination. However, I feel that the draft final report falls short in being responsive to the task force's mission statement, which reads:

"The Gas Electric Coordination Task Force (GECTF) is an ad-hoc task force reporting to the four quadrant Executive Committees. The GECTF is tasked with reviewing and investigating possible standards creation and/or modifications related to additional coordination of the interaction between the scheduling of electric, and gas transactions."

There are many reasonable explanations for this shortcoming and I believe they should be articulated and addressed within the report. Doing so would help the quadrant Executive Committees (the "ECs"), and other readers of the report to understand the complexities of dealing with gas-electric transaction coordination issues.

Some would argue that the Discussion Points List or "DPL", is evidence that the task force completed its mission. I disagree. The purpose of the discussion points list was to "...identify

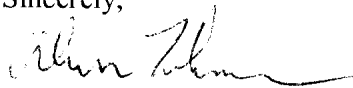
areas for discussion in an effort to understand and frame the issues.” I argue that the DPL represents foundational work, a first step. Unfortunately the task force could not agree how best to move beyond identifying areas of discussion to truly *framing the issues*. Yes there are some succinct issues included in the list, but it also is loaded with questions and statements of fact. In my opinion, part of this inability to move forward revolved around a concern about raising the importance of one item on the list above another. This is a fair concern, but I believe that the task force became overly concerned with that issue and lost its focus on providing the EC and industry with a recommendation or recommendations regarding possible standards creation (or modification) related to interaction between the scheduling of electric and gas transactions.

I fail to understand how selecting a few items for *possible* standards development from a long list of items for the ECs prohibits anyone from submitting their favorite issue for consideration of development as a standard. As those familiar with the NAESB process are well aware, anyone can file a request for the development of a standard at any time. Said request will be given due process and may be assigned for future development if deemed to be within the organization’s scope.

In closing I would ask that in completing its final report, the GECTF reconsider the characterization that it has completed its mission. Instead the report could explain that for a number of reasons (which should be identified and explained) the task force has gone as far as possible without further direction from the quadrant executive committees.

Thank you for the opportunity to comment.

Sincerely,



Alan Johnson

Manager Business & Reliability Standards

Attachment – final draft markup

**North American Energy Standards Board
Gas and Electric Coordination Task Force
Final Report
(effective July 1, 2004)**

This is the final report of the Gas and Electric Coordination Task Force (GECTF) to advise the Executive Committees of all four NAESB quadrants that the task force has completed its assigned task and request that the task force be disbanded.

{I disagree with the statement that the task force has completed its assigned task. The work product entitled "Discussion Points List – Expanded" which the TF is providing to the Executive Committees, represents a list of thoughts, ideas, and comments that were brought forward during the group's meetings. No analysis was performed or recommendations created regarding the list and hence there is no guidance included in the final report for the Executive Committees consideration. The other work product, the "Discussion Points List – Expanded and Categorized" goes a little further by placing each of the items into at least one of 14 categories. However, this product should be considered a draft as it was never voted on as a work product of the group. Further it does not provide framed issues, but identifies areas for discussion. Hence the Executive Committees are left to analyze the work products based on their own understanding/interpretation of the work products, without the benefit of the underlying discussion.}

History

The GECTF was established in December 2003 with co-chairs representing the Wholesale Gas, Wholesale Electric, Retail Gas and Retail Electric Quadrants to address specific issues related to its mission. The mission of the task force is:

"The Gas and Electric Coordination Task Force (GECTF) is an ad hoc task force reporting to the four quadrant Executive Committees. The GECTF is tasked with reviewing and investigating possible standards creation and/or modifications related to additional coordination of the interaction between the scheduling of electric and gas transactions."

The GECTF prepared an Interim Status Report¹ on March 16, 2004, which was subsequently approved by the Executive Committees of all four NAESB quadrants on April 5, 2004 and distributed to interested industry stakeholders on April 16, 2004.

Accomplishments & Deliverables

~~Based on its mission statement, in order to form a foundation for discussions, the task force initially focused on the education of gas and electric industry participants. The task force then and identification created a list of discussion points that could provide opportunities to improve gas/electric scheduling and transactional coordination, and grouped those points into broad categories. The task force did not develop any standards or requests for standards, as to do so was not part of its mission.~~

The principal work product of the task force is the GECTF Discussion Points List (DPL) (Appendix A), which is organized into 14 broad categories.² The DPL is a representation of areas of coordination between the gas and electric industries that the GECTF

¹ The Interim Status Report is available at <http://www.naesb.org/pdf/ferc041604.pdf>.

² The DPL categories are: energy day; communications; gas nominations timelines; electric market timelines; gas contracts/service portfolios of electric companies; electric generation gas supply verification; available transportation service provider services; natural gas industry infrastructure; electric market rules; natural gas supply real time flexibility; electric industry infrastructure; electric industry organization; energy reliability; and information.

identified as potential items that could be further investigated by the appropriate organizations in order to enhance and improve operational coordination between the electric and gas industries.

The DPL is intended to reflect task force participants' opinions with respect to points that have some impact on gas and electric coordination and each of the categories is defined by the context of the detailed DPL. While the final DPL reflects input from all members of the task force, each of the items in the list should not be considered by itself a consensus work product. [Please note we did not take a vote that this was not a consensus work product – the vote could be that we do not find consensus or we take a vote to reach consensus and it fails]. Additionally, organization of the DPL does not indicate: 1) the relative importance of the items; 2) that any of the items are or are not appropriate for standardization; and/or 3) that all coordination matters can be addressed through standardization. While it was anticipated by some participants that the DPL would continue to be refined, the task force determined that reaching a working consensus on prioritization was not possible. *{The issue for me is not necessarily prioritization, but the need to transition discussion/framing points into succinctly stated issues that impact the scheduling of electric and gas transactions. This is what I as an EC member wanted to see in the final report}* for several reasons. One was a concern about raising the priority of any given item above another. Regional differences also made it difficult to reach consensus on the disposition of items contained within the DPL. Accordingly, the Task Force determined that any further work on the DPL, including prioritization or determining which items lend themselves to standardization, should occur through a combination of stakeholder response to the GECTF report and/or industry action, through submittal of a request or through regulatory action.

The DPL provides a starting point for industry stakeholders interested in submitting standards requests or pursuing resolution in forums other than NAESB to address gas and electric coordination. Any requests for standards submitted as a result of the DPL will be processed in accordance with established NAESB procedures. For the items that may ultimately be submitted to NAESB for standards development, some points may need to be addressed in other forums prior to consideration of standards development in NAESB.

Process & Procedures

The GECTF has met a total of eight times over fourteen days: six two-day meetings in person and twice via conference call. The meetings since the filing of the interim report were held on:

- April 13-14, 2004;
- April 28, 2004;
- May 18-19, 2004
- June 28-29, 2004.

To accomplish its investigatory and educational goal, numerous presentations were given by representatives of both the gas and electric industries. Additionally, in recognition that the GECTF was not the sole group addressing industry coordination, the GECTF invited NERC's Gas/Electric Interdependency Task Force (GEITF) to present its findings. The presentations created a better understanding of the operating characteristics and business practices in-of both the gas and electric industries and provided a common understanding for the development of the DPL.

Gas Presentations

Title	Presenter(s)	Date³
Gas Nomination Timeline Impact Upon LDC Operations http://www.naesb.org/pdf/gectf012904w3.pdf	Mike Novak, National Fuel Distribution	01/04
Basic Gas Flow Dynamics and Related Scheduling Factors http://www.naesb.org/pdf/gectf012904w4.pdf	Bill Griffith, El Paso Pipelines Paul Love, NGPL	01/04
Gas Producers Presentation http://www.naesb.org/pdf/gectf012904w5.pdf	Paul McKelvey, ChevronTexaco	01/04
Gas Day versus Calendar Day http://www.naesb.org/pdf/gectf031504w7.pdf	Bill Griffith, El Paso Pipelines	03/04
NAESB WGQ Capacity Release Standards and Procedures http://www.naesb.org/pdf/gectf031504w6.pdf	Bill Griffith, El Paso Pipelines	03/04
NAESB WGQ Nominations and Scheduling Standards and Procedures http://www.naesb.org/pdf/gectf031504w8.pdf	Bill Griffith, El Paso Pipelines	03/04

³ Presentations presented before April 2004 were included in the GECTF Interim Status Report.
NAESB Gas Electric Coordination Task Force Final Report
July 1, 2004
3 of 5

Electric Presentations

Title	Presenter(s)	Date ⁴
Electricity 101 http://www.naesb.org/pdf/gectf012904w7.pdf	Andy Rodriguez, PJM Kalim Tippitt, The Structure Group	01/04
Generation Dispatch 101 http://www.naesb.org/pdf/gectf012904w9.pdf	Diane McVicker, Salt River Project	01/04
A Retail Electric Perspective on Billing & Settlement http://www.naesb.org/pdf/gectf012904w8.pdf	Ed Berman, Baltimore Gas & Electric	01/04
Transmission Timing Analysis http://www.naesb.org/pdf/gectf031504w2.pdf	Alan Johnson, Mirant	03/04
Example of Natural Gas Industry and Electric Industry Timing Issue http://www.naesb.org/pdf/gectf031504w4.pdf	Alan Johnson, Mirant	03/04
Market Timing Issues http://www.naesb.org/pdf/gectf031504w3.pdf	Alan Johnson, Mirant	03/04
TVA Timeline Example http://www.naesb.org/pdf/gectf041304w6.pdf	John Porter, TVA	04/04
Additional Examples of Natural Gas Industry and Electric Industry Timing Issue http://www.naesb.org/pdf/gectf041304w8.pdf http://www.naesb.org/pdf/gectf041304w9.pdf http://www.naesb.org/pdf/gectf041304w10.pdf http://www.naesb.org/pdf/gectf041304w11.pdf http://www.naesb.org/pdf/gectf041304w12.pdf http://www.naesb.org/pdf/gectf041304w13.pdf	Alan Johnson, Mirant	04/04
NERC Gas/Electric Interdependency Task Force Status Report http://www.naesb.org/pdf/gectf051804w2.pdf	Philip Fedora, NPCC	05/04

⁴ Presentations presented before April 2004 were included in the GECTF Interim Status Report.

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Consistent with the NAESB Certificate, Bylaws and Operating Procedures, all of the GECTF meetings were open and posted on the NAESB website. Representatives from all four quadrants and industry trade associations participated in each of the meetings. The meeting minutes and presentations at the above-referenced meetings are attached.

Conclusion

~~Participants of the GECTF~~GECTF participants recognize that continued understanding educational efforts and further communication are to the benefit of both the electric and gas industries, especially as the dynamics of both industries continue to evolve. In fact, several GECTF participants also participated in NERC's GEITF and other regional coordination efforts.

~~For the reasons noted within the body of this report, The the~~ GECTF is not directing any party recommending the Executive Committees to take any particular action. It is suggested that NAESB and its members should continue to participate in other industry groups' educational efforts. The task force encourages industry participants to take advantage of the NAESB process by submitting requests for standards development relating to the business practices associated with gas and electric industry coordination. Future standards development activity by NAESB will result from requests that are submitted to the NAESB Office or from items that are included in the Annual Plan process. Additionally, the task force believes this report provides a foundation for the regulatory community to determine whether further action on their part is required.

Supporting Documentation

- Appendix I: GECTF Preliminary Discussion Points List – Expanded & Categorized
- Appendix II: GECTF Meeting Minutes since April 5, 2004
- Appendix III: GECTF Presentations since April 5, 2004
- Appendix IV: Participants in the GECTF Effort
- Appendix V. Comments Received on the Report and on the Issues Identified