



**GAS INDUSTRY STANDARDS BOARD  
Advisory Committee Meeting  
January 29, 1997**

**PanEnergy Offices -- 1620 L Street N.W. , Suite 1200  
Washington, D.C.**

**DRAFT MINUTES**

1. Welcome & Administrative Items

Commissioner Bruce Ellsworth of the New Hampshire Public Utilities Commission, and Chairman of the GISB Advisory Committee, welcomed the attendees to the meeting, and thanked PanEnergy Corp. for hosting. Mike Bray of PanEnergy Corp., and chairman of the GISB Executive Committee, covered several administrative items. Dennis Holbrook, general counsel for GISB, covered the antitrust advice. The members of the committee and the attendees introduced themselves.

2. GISB Organization

Randy Couch of Amoco, and chairman of the GISB Board of Directors, discussed the current membership. GISB has 200 corporate members -- approximate percentages for the segments are 13% producers, 25% LDCs, 30% services, 25% pipelines, and less than 10% end users. He reviewed the organization's vision and scope which were provided in the brochures, and covered the responsibilities of the Board along with the organization structure of 25 board members -- five from each segment, and the voting requirements at the board level. Randy also covered the non-advocacy role that GISB has regarding specific standards with any regulatory body. During Randy's discussion, Commissioner Kretschmer of Illinois asked how the services segment was defined -- and why consulting firms were members. Randy, Mary Jane McCartney and Dennis Holbrook responded for the need for service companies in the organization to have both products and services that are GISB compliant, and to have equal input from service companies as decisions are made.

Mike Bray covered the Executive Committee structure and responsibilities, including the process by which standards are adopted and interpretations on standards made. He indicated that the organization has over one thousand volunteers from member companies and from interested parties who participate in the standards setting process. Because the organization is in its sophomore year of operations, procedures are refined as needed. Jerry Hahn of Texaco, and vice chairman of the GISB Executive Committee, showed that through the standardization process, simplification has occurred and information requirements for basic transactions have seen as much as a four fold reduction.

Commissioner Ellsworth noted that the Advisory Committee can take several roles within the GISB organization -- either as a contributor or a recipient of information. The goal of GISB, to improve the deliverability and reliability of natural gas through a seamless marketplace, ultimately benefits the consumer which is also one of the goals of state commissions. The GISB Board and Executive Committee need input from the Advisory Committee on roadblocks or barriers to the operation of an efficient marketplace. The Advisory Committee members are welcome at Board meetings -- as all GISB meetings are open. Commissioner Majkowski of Colorado noted that the industry is transitioning from a

regulatory environment to one which is a more market based economy, and standards can be very helpful to state commissions. As a result, he sees state commissioners becoming more involved in standardization. Commissioner Kretschmer stated that more thought on the purpose of the Advisory Committee and a definition of it's role should have gone into the preparation for this meeting -- specifically, what value does the Advisory Committee add to GISB with more specific agenda items regarding such. A charter for the committee has been established explaining its responsibilities. Greg Lander of TransCapacity, and a member of the GISB Board of Directors, noted that the GISB organization needs communication and cooperation with 50 state jurisdictions to achieve a seamless marketplace for natural gas, and the GISB goal could not be met if state standardization issues were not addressed. Commissioner Majkowski noted that between the GISB Board, Executive Committee and Advisory Committee, communication is a two way street, and GISB has significant relevance. Commissioner Boyd offered that commissioners and staff through participation in the Advisory Committee could provide a policy forum to ensure consistency of purpose and reassurance that GISB standards and public policy are consistent.

### 3. State Regulator Letter

Mary Jane McCartney of Consolidated Edison of New York and chairman of the GISB Board of Directors in 1996, reviewed that state regulator letter that GISB sent to all state commissioners in early January. In her review, she noted that GISB standards may be relevant at the state and federal levels. The letter asks for state input on the GISB standards, but does not ask for adoption of those standards at the state level -- which would have GISB acting in an advocacy role, which is specifically forbidden in the GISB governance documents.

Advisory Committee members discussed several roles the commissions could take in review of the standards, including roles that NARUC could consider. GISB and the Advisory Committee clearly provide an information sharing role. Some commissioners noted that GISB standards could be used as a model for state commissions to use as a reference.

### 4. GISB Standard Implementation Issues for April, May and June 1997

Jerry Hahn and Mike Bray covered several of the standards that are to be implemented in April, May and June of this year. Some commissioners asked how these standards are applicable to small aggregators for the retail market. Other comments were made on how state commissions could access and use the information that is standardized through GISB. Commissioner asked how the gas day standard (9:00 a.m. to 9:00 a.m. Central Clock Time) came into being. Jerry Hahn and Greg Lander discussed the process GISB used, the compromises that were struck, and the two sets of voting that were held -- one in March and one in September 1996. Several committee members noted that the GISB standards should promote growth of the gas market and encourage more competition. They added that there was not enough publicity on GISB standards, and that the implementation costs could be a significant concern. Randy Couch added to the discussion that the Board and Executive Committee had been asked to provide information that could be used in a cost/benefit analysis. The committee determined that it should review the standards and the Annual Plan (GISB's action plan) for 1997 to determine if any of the actions are inconsistent with state operations.

Greg Lander noted that the Advisory Committee was sensitizing the Board and Executive Committee to state issues, and that costs are an issue but should be weighed against the benefits of standardization. He further added that if solutions are required by regulators that are proprietary in nature, the solutions could impede achieving benefits at the consumer level -- with a specific example of the costs associated and complications of many proprietary electronic bulletin boards, if state regulated LDCs went that route.

Commissioner Boyd discussed residential/retail marketing and that information systems have posed a barrier to further unbundling -- which translates into the need for standards. As an analogy, as the telecommunications industry has unbundled, the need for standards has increased and has provided a focus for the regulators. She further added that NARUC may consider endorsing the GISB effort, but not the standards themselves, and communicate this to other state regulators.

#### 5. 1997 Annual Plan and Five Year Plan

Jerry Hahn and Mike Bray covered the 1997 annual plan. The plan was provided in meeting materials. Mike and Jerry stated that they would be happy to answer questions, but did not plan to cover each item in detail. Mike covered several statistics and performance measures on the plan, and noted that the organization reports periodically on the progress against the action items and that the plan truly guides the activities of GISB. The organization is working on 150 plus requests for standards or modifications to standards. These numbers should not imply that the GISB standards are flawed, but rather as implementation nears, the implementers are working to fine tune the standards. The standards, action items on the plan, and the requests for changes to the standards include business practices, information requirements, definitions, and electronic delivery mechanisms for the information.

Greg Lander covered the draft of the Five Year Plan, its genesis, and highlights of the plan as regards the future of standards and who likely future standards users would be. In response to a question about the apparent broad scope of the plan and the risk of being too ambitious and unfocused, he stated that GISB has been criticized for both being too focused on narrow, electronic commerce standards and not the underlying business practices, and criticized for treading into business practice areas which some would have preferred that GISB keep out of. He further stated that the risk of being too globally focused is not as troubling as it may seem. He noted that GISB is a volunteer membership organization where it is the members that propose standards (usually), it is the members that work on the standards, and the members which then approve them. It is not a "staff based" organization where a staff is paid to create standards and propose new things to do. The membership based approach is a natural check against too broad a focus because the members would be less likely to provide the resources for the activity and most likely to reject as too over-reaching if too broad a proposal came to the Executive Committee or the membership at large.

In discussion on the Five Year Plan, Commissioner Kretschmer, asked about the "convergence" of energy markets. Several individuals responded that convergence should be viewed as offsetting or parallel efforts from one market to another -- a "spill over" effect. As appropriate, standards of communication should apply to energy -- not just electric issues or gas issues. Retired Commissioner Corban of Indiana observed that several of the items both in the annual plan and five year plan do not clearly have a direct link to standards setting -- particularly those items that address promoting natural gas.

#### 6. Conclusion

At the conclusion of the meeting, the committee members noted that they expected GISB concerns to be forwarded to the Advisory Committee for their input and counsel. The organization should bring issues to the committee as they are developing, rather than after the fact. The committee should not be used as a "sounding board" only. GISB can serve an important education and information access process from which the Advisory Committee could also benefit -- specifically with respect to perceived impediments to wider adoption of GISB standards. While the Advisory Committee may be in an information gathering mode today, standards are a crucial part of the marketplace and education is critical. The committee members were asked to review the standards for consistency to their state or federal operations, and to review the annual plan and five year plan for comments, consistency and items

that may be missing. In particular, the Advisory Committee noted that the five year plan did not discuss the risks to GISB from barriers to adoption of GISB standards. The Advisory Committee challenged the GISB Board and Executive Committee to ensure that their committee was of an added value to the process of setting standards. GISB was also encouraged by the Advisory Committee to educate state commissioners about its process, standards and applications.

7. Attendees
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| Committee                | Chairman | Commissioner Bruce Ellsworth, New Hampshire<br>Commissioner Nancy Shimanek Boyd, Iowa<br>Commissioner Laurence Cobb, North Carolina<br>Commissioner Fred Corban (retired), Indiana<br>Senior Utility Analyst Henry Einhorn, Massachusetts<br>Christopher Freitas, Department of Energy<br>Michael York, Department of Energy<br>Commissioner Ruth Kretschmer, Illinois<br>Commissioner Vincent Majkowski, Colorado<br>Commissioner John Quain, Pennsylvania<br>Commissioner Leo Reinbold, North Dakota<br>Deputy Director John Zekoll, New York<br>Cathy Van Way, staff member of Congressman Tom Bliley,<br>Chairman, Commerce Committee |
| Committee Members Absent |          | Commissioner Bob Anthony, Oklahoma<br>Commissioner Daniel Fessler (retired), California<br>Commissioner Charles Matthews, Texas<br>Chairman John Strand, Michigan<br>Cecilia Rios, New Mexico<br>Chairman Pat Wood, Texas<br>Staff from Congressman Dan Schaefer, Chairman,<br>Subcommittee on Energy and Power<br>Staff from Commissioner Hoecker, FERC  |
| GISB Board Members       |          | Randy Couch, Chairman, GISB Board of Directors<br>Mary Jane McCartney, Chairman 1996, GISB Board of Directors<br>Greg Lander, Director, GISB Board of Directors   |
| GISB Executive Committee |          | Mike Bray, Chairman, GISB Executive Committee<br>Jerry Hahn, Vice Chairman, GISB Executive Committee  |
| GISB Staff               |          | Rae McQuade, Executive Director<br>Veronica Thomason, Executive Assistant<br>Dennis Holbrook, General Counsel<br>Laurie Paulson, Hoffman-Paulson Associates   |
| Observers:               |          | Leon Payne, Transco<br>Sandrine Bakos, GEIS<br>Mariam Aranout, A.G.A.   |