

**NORTH AMERICAN ENERGY STANDARDS BOARD OPERATING PRACTICE
ANNUAL PLAN PROCESS, CHARACTERISTICS, IMPLEMENTATION AND RESPONSIBILITIES**

PLAN CHARACTERISTICS

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

1. Focus and prioritization of NAESB activities: The annual plan provides a clear focus on specific activities with a prioritization defined via the completion dates. The activities defined should have high expectation of implementation. The annual plan will be focused on the standards development and maintenance, and interpretation development efforts of the organization. Development of standards pursuant to an annual plan item should be restricted to implementation of existing federal or state commission policy, new commission policy after it has been ordered and non-policy oriented aspects of the annual plan item.
2. Resource application to NAESB efforts: The annual plan recognizes that the member company resources to work on NAESB efforts are limited. The efforts defined for activity by NAESB should not exceed those limits by spreading the resources so thin that the assurance of success is affected.
3. Alignment of efforts to assure coordination of intent: It is the intent of the Board of Directors and the Executive Committee that their objectives coincide. The Board of Directors and the Executive Committee will direct NAESB work through the annual plan so that those intents are aligned and the annual plan efforts are realized.
4. Timetable for efforts: The work of NAESB is defined with a specific timetable during which consensus can be reached. If consensus is not reached within that timetable, avenues other than NAESB can be pursued.

IMPLEMENTATION OF THE ANNUAL PLAN

1. Recognition of time constraints of development efforts -- the plan provides focus with no more than 5 to 10 major efforts identified, with deadlines for completion, which serve as prioritization. The development efforts, deadlines, and priorities are identified in the Annual Plan. If one of the approved efforts is completed during a year, a new effort could be added if approved by the Board of Directors in consultation with the officers of the Executive Committee.
2. Empowerment of the chairs at subcommittee and task force meetings -- chairs are empowered to limit discussions when necessary, call items out of order when applicable, follow agendas closely, and in general exert more control so that the time participants spend in meetings is more effective.
3. Efforts are "implementable" -- each effort should have a reasonable expectation that consensus can be reached, with clear deadlines established for completion. The deadlines provide an incentive to all industry participants to reach closure. For each Board meeting, these deadlines will be reviewed with the progress made to date by the subcommittees. The deadlines, as with any other parameter established in the Annual Plan, cannot be changed without Board approval. If a deadline is missed, the Board, in consultation with the officers of the Executive Committee, will determine whether the work should be continued, put on hold or transferred to another venue.
4. Modifications to existing standards and new standards that are requested which come through the request process should reflect a broad industry need. As prioritization occurs, a primary parameter should be how many companies or segments need this standard or standard change. Industry efforts to implement standards that affect only a few companies should be severely limited.

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BOARD OF DIRECTORS RESPONSIBILITIES TO THE PLAN

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

EXECUTIVE COMMITTEE RESPONSIBILITIES TO THE PLAN

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

NAESB OFFICE RESPONSIBILITIES TO THE PLAN

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

North American Energy Standards Board

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NORTH AMERICAN ENERGY STANDARDS BOARD

RETAIL GAS QUADRANT

Draft 2002-2003 Annual Plan

The first step in developing NAESB model business practices and standards is for each industry quadrant to prepare an annual plan identifying items or topics to be worked on by NAESB participants through year-end 2003. The quadrants' annual plans are used by the NAESB Board of Directors to determine how resources will be expended during a given year. Also the annual plan is a flexible, high-level document intended to provide direction to the RGQ Executive Committee and its subcommittees on work priorities once the RGQ is established and running.

A task force of participants in the Retail Gas Quadrant (RGQ) developed the following proposal, or "strawman," outlining topics (or action items) to be considered for the 2002-2003 RGQ Annual Plan. This draft evolved from the input and comments provided by industry participants in response to a May 2002 survey and a June 2002 comment period. It also reflects several rounds of discussions of task force members via conference calls and a June 24 face-to-face meeting. While this proposed document has undergone several iterations, it does not represent an end product. Rather it is open to further refinement, based on additional input from industry participants.

The final version of this document will be discussed and voted on by the NAESB RGQ Membership once the Quadrant is officially established—with the requisite minimum threshold of forty members overall and of five members within each Segment. This final recommendation for the 2002-2003 RGQ Annual Plan will be presented to the NAESB Board of Directors for approval, only after the RGQ's representatives are seated on the NAESB Board of Directors.

Background:

A task force of interested participants in the RGQ conducted a survey in May, soliciting input from a cross-section of the retail natural gas industry—including suppliers, distributors, end users, service providers, and regulators. The survey listed eleven line items and asked respondents to associate each of those with a relative priority level (e.g. High, Medium, Low, or Do Not Address). Respondents were also asked to comment on each of the proposed line items and to contribute additional items for consideration. The task force compiled and reviewed the survey responses, and the NAESB office posted both responses and compiled results on its web site (<http://www.naesb.org>).

Based on those results, the task force revised the draft document, tabulating the eleven line items into three categories: 1) High Priority Activities (or action items); 2) Medium Priority Activities; and 3) Low Priority Activities. These categories indicate the priority level at which the work will be done, rather than whether or not the work will be carried out. For example, low-priority action items will not be started before high-priority and medium-priority action items are completed. New line items that were contributed by survey respondents were categorized as "Provisional Items," which meant that those action items would be tackled if time and resources allowed it during the 2002-2003 timeframe.

The NAESB office posted the revised draft in June for industry comment, and the task force convened a face-to-face meeting on June 24 to discuss the comments submitted. The currently formulated outline of action items reflects those comments and discussions. The rankings of those items do not constitute a definitive order in which the work will be conducted. Columns for targeted completion quarter and subcommittee assignments were left intentionally blank, because participants found such determinations to be premature and thus deferred them until the RGQ is officially formed and its Executive Committee and subcommittees established.

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Draft 2002-2003 RGQ Annual Plan

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

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