

**North American Energy Standards Board
RGQ Distributor Segment Work Paper
RGQ Gas Practices Inventory Task Force Meeting – February 3, 2003**

During the formation of NAESB, a task force of American Gas Association (AGA) distribution company members, the Gas Retail Governance and Structure Task Force (GRGS), was formed to support the formation of a four-energy-quadrants national standards organization. The GRGS task force was actively involved in the creation of the Retail Gas Quadrant (RGQ) and in drafting the 2003 RGQ Annual Plan.

As the GRGS task force approached its mission, a subgroup was formed to consider the first item of the (then proposed draft) 2003 RGQ Annual Plan—that is, the inventory of existing natural gas business practices within states. The RGQ Distributor Segment strongly supports this concept of studying and documenting existing and evolving natural gas retail practices to capture an accurate picture of the “state of the retail natural gas market.”

The specific objective of the “Inventory Subgroup” was 1) to brainstorm on how to inventory existing and evolving natural gas business practices within states; and 2) to develop a proposal to present to the appropriate NAESB RGQ Subcommittee once the Quadrant was established. Based upon the work of the Inventory Subgroup, this Distributor Segment white paper proposes to the Gas practices Inventory Task Force (GPITF) a method to proceed with work on the first item on the 2003 RGQ Annual Plan.

Scope of Inventory:

- The goal is to have an inventory of the range of all retail choice oriented natural gas business practices rather than to catalog so-called “best practices.” The analytical task of comparing and evaluating the practices would fall upon the appropriate RGQ subcommittee(s).
- The end product would be an objective and comprehensive inventory without value judgment on individual practices.
- All items proposed on the 2003 RGQ Annual Plan should be included in the inventory until the NAESB RGQ determines otherwise.

Work Plan:

Two differing approaches could be considered:

1. Gather information on all categories of practices before business practice work is begun. When a NAESB subcommittee begins the task of developing business practices for a specific category on the annual plan (such as “Billing”), this subcommittee could use the information in the “inventory” as a starting point and expand and refresh dated information.
2. Compile data on an issue-by-issue basis or a just-in-time basis, depending on the sequence of work to be tackled by the relevant subcommittee(s). This sequence would likely follow the prioritization shown on the 2003 RGQ Annual Plan.

Process:

Possible Sources of Information:

- Existing surveys and trade press: e.g. Restructuring Today; Rudden and Associates; Fosters; Center for Advancement of Energy Markets; Center for Energy Research and Analysis (CERA); XENERGY
- Local distribution companies
- Matrices put together by consultants
- Voluntary surveys
- Federal agencies: e.g. An information request could be submitted to DOE
- NARUC may have information
- PUC web sites (they provide links to utility web sites)

- Individual utility tariffs

How and Who to Gather Information:

- Volunteers could compile information by researching the various available sources; and/or
- Associations could survey their members (LDCs; marketers) in the various practice areas.

Data Format or Tool:

- Attached is an example of a blank “matrix” of practices the Inventory Subgroup put together to show how the data could be organized. This matrix is a spreadsheet organized into worksheets, each representing a category or practice area (e.g. Billing, Enrollment, and so forth). As a starting point, the matrix was organized according to data for New York State and was later expanded to include relevant information for Maryland, Pennsylvania, and Virginia. **This matrix is proposed as a starting point to develop the appropriate format; it may be modified, expanded or contracted for that purpose.**
- While the proposed spreadsheet would be a good starting point for organizing the data, a relational database is better suited as a tool to collect and manage the data, which are qualitative in nature. To test this concept, a blank database or template was created for one practice area (as shown here during this first meeting of the GPITF and distributed electronically).
- It is recommended that a group of users beta-test the database design in terms of suitability and ease of use in each of the areas.
- Companies could then be asked to complete the electronic forms with information on their companies and to identify business practices that may be required by state regulation or legislation, if any.
- To maintain the integrity of the database, certain securities would be built to distinguish between those allowed to input data and those allowed to run queries and print reports.

Conclusion:

The purpose of the inventory is to give a picture of the retail natural gas market—what has been done and how it works. It would allow a subcommittee to take into account existing experiences as it develops suggested model retail natural gas business practices in a particular area. This centralized repository of information could, among other things, categorize practices in terms of company-specific versus statewide, or legislated versus regulated.

The basic framework (if not the actual data) presented here could be used to collect and organize data on issues that are or will be considered by the Retail Gas Quadrant for standards development.