



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

TO: NAESB Wholesale Electric Quadrant Executive Committee, Posting for Interested Industry Participants
FROM: Todd Oncken, NAESB Deputy Director
RE: NAESB Wholesale Electric Quadrant Executive Committee Meeting Final Minutes – June 3, 2003
DATE: June 12, 2003

**Wholesale Electric Quadrant Executive Committee
Tuesday, June 3, 2003
9:00 a.m. to 4:00 p.m. Eastern**

1. Welcome

Mr. Corneli called the meeting to order and thanked the American Gas Association for hosting the Executive Committee meetings. Mr. Oncken gave the antitrust advice. The roll of Executive Committee members was taken.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Mr. Corneli proposed to rearrange the items of the draft agenda. The revised agenda was adopted unanimously.

Participants reviewed the draft minutes of the April 8, 2003 Wholesale Electric Quadrant (WEQ) Executive Committee meeting. Minor typographical errors were identified. Mr. Gallagher moved, seconded by Ms. Paravalos, to adopt the draft minutes of the April 8 WEQ Executive Committee meeting, as modified during the meeting. The motion passed unanimously.

3. Subcommittee Updates and 2003 Annual Plan

Contracts Subcommittee: Mr. A. Johnson reported on the efforts of the Contracts Subcommittee since the April Executive Committee meeting. He stated the Contracts Subcommittee held a conference call to review the comments submitted on the FTAA recommendation. He noted all of the FTAA discussion was forwarded to the Executive Committee for consideration today.

Mr. A. Johnson stated an open item for the Contracts Subcommittee relates to the Master Service Agreement Task Force (MSA). It was noted the MSA, while it determined combining the WSPP Master Service Agreement and EEI Master Service Agreement into one NAESB standard contract was inappropriate, left certain issues regarding a NAESB master agreement on the table, such as the desire of the U.S. Department of Energy (DOE) to have a NAESB standard contract. To that end, Mr. A. Johnson noted there has been discussion of setting up a meeting with the GSA and DOE to discuss the agencies' desire to have a NAESB standard contract for the sale of power.

Ms. McQuade briefly explained the DOE's interest in a NAESB standard contract. The DOE sponsors the Energy Market Access Program, a group which looks to ensure the energy market is stable and diversified through programs such as the Woman Minority Business Enterprises (WMBE). To affect the goals of the program, the DOE worked with NAESB to develop the Funds Transfer Agent Agreement (FTAA) as an addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas. The power FTAA, scheduled to be considered later in the agenda, was also developed as a tool for WMBEs. To accomplish its intended purpose, the FTAA needs to work in concert with a base agreement, ideally a standard contract developed through an ANSI-accredited process.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

It was noted a discussion will be held at the June 12 EEI meeting on the EEI Master Agreement regarding the feasibility of adopting the EEI Master Agreement as a NAESB standard. Depending on what the EEI group decides, a NAESB standards request could be drafted for approval of the EEI Master Agreement as a NAESB standard, without modifications. Mr. Desselle stated that once the EEI group makes its decision, the ultimate decision on how to proceed will rest with the WEQ Executive Committee. It was noted that adopting the EEI Master Agreement as a NAESB standard, even without changes, would create a contract compatible with the power FTAA.

Mr. Berwager expressed concern with adopting the EEI Master Agreement as a NAESB standard without modifications. He stated if the Executive Committee decides a standard contract is warranted, the Contracts Subcommittee should be directed to create a standard contract, and then the Executive Committee would evaluate the work of the Contracts Subcommittee. Should a request be made to adopt the EEI Master Agreement, he envisioned part of the Contracts Subcommittee's work being to evaluate the EEI Master Agreement for needed modifications prior to adoption by the Executive Committee.

Mr. Desselle stated some EEI members have expressed a preference for changes to the EEI Master Agreement being done through a standardized process. Mr. Corneli noted that fundamentally NAESB is a process available to the industry for standardizing business functions. He suggested if EEI, and its member companies, want to use the NAESB process to make changes to the EEI contract, NAESB should accommodate that request.

Market Operations Subcommittee: Mr. Oberski gave the report of the Market Operations Subcommittee (MOS), noting the Inadvertent Interchange Payback Task Force (IIPTF) and Electric Trading Task Force (ETTF) have been very active, and the Seams Task Force held its initial planning meeting.

Inadvertent Interchange Payback Task Force: Mr. Terelmes, as co-chair of the IIPTF, gave the report on IIPTF efforts, located under Tab 7 of the meeting materials. He noted the written report contains the historical progress of the IIPTF, as well as current issues and meetings. Mr. Terelmes stated the IIPTF has met twice since the last Executive Committee meeting - on April 29 to develop a list of subjects the IIPTF evaluated for inclusion in any standard, and on May 8 to begin substantive work on a draft standard. It was noted the IIPTF is in the process of establishing a model containing 1) allocation of costs among market participants; and 2) methods for determining the price of inadvertent interchange. Looking forward, Mr. Terelmes stated the IIPTF will be developing a rough draft standard using existing NAESB WGQ standards as a benchmark. He noted participation in the IIPTF has been pretty consistent, but increased participation by RTO/ISO representatives and end users would be helpful.

Electric Trading Task Force: Mr. Oberski gave the report on the ETTF. He noted a persistent issue for the task force has been the scope of the task assigned, including the Executive Committee's interpretation of electric trading day. Mr. Oberski read the following motion which passed unanimously at the May 21, 2003 ETTF conference call:

The WEQ Market Operations Subcommittee (MOS) established the Electric Trading Task Force (ETTF) to work on WEQ Annual Plan Item 4a, "Establish a standardized electric trading day". After meeting several times since February 2003, the task force has come to the conclusion that there is not enough support from the industry participants to establish a standardized electric trading day at this time. As such, it is moved that the task force recommend to the MOS that it discontinue its efforts regarding the establishment of a standardized electric trading day.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

Mr. Oberski noted the MOS did not meet to address the above motion, but instead referred the motion directly to the Executive Committee. Mr. Oberski requested the Executive Committee take action on the May 21, 2003 ETTF motion.

Participants discussed the definition of electric trading day. Mr. Jackson stated he viewed annual plan Item 4a addressing the coordination of the gas and electricity markets. Mr. Jackson suggested a possible solution might be the development of a new hourly nomination product. Mr. Yeung agreed on coordination of the markets, noting he supported its inclusion in the annual plan for that reason. Additionally, Mr. Yeung referenced a pending NERC study of gas and electricity interdependence, and noted the potential for coordination with NERC if the study reveals the interdependency creates reliability impacts.

Participants generally agreed the annual plan item was still needed, but the task assigned to the ETTF was too broad and disconnected from the other aspects of the industry. Mr. Oberski stated the refinement should be done at the Executive Committee level since it is a potential annual plan modification, instead of the MOS. Mr. A. Johnson agreed narrowing the annual plan item would simplify the work of the ETTF. It was noted there were some issues in the initial meetings, such as hour beginning or hour ending, which would be ripe for standardization. Mr. A. Johnson noted the ETTF struggled with the concept of having a common product.

Ms. Paravalos suggested referring the refinement of 2003 WEQ Annual Plan Item 4a to the annual plan development process. She stated a benefit of referring the item to the annual plan process was the provision for RTO/ISO involvement in the annual planning process pursuant to the NERC/NAESB/ISO-RTO Council Memorandum of Understanding (MOU). Mr. Corneli agreed that could be advantageous, but noted modification of the 2003 WEQ Annual Plan by the Executive Committee on an ongoing basis was appropriate as well.

Participants discussed the Annual Plan process and modifying the 2003 WEQ Annual Plan. Mr. Corneli generally explained the Annual Plan process. At the highest level, Mr. Buccigross, as Chair of the Executive Committee, is responsible for all of the NAESB Annual Plans. However, Mr. Corneli explained each of the quadrants is expected to coordinate its own annual plan item development, presumably through the Executive Committee. It was noted the WEQ process for annual plan item development has not been established. [See discussion below.] Mr. Corneli stated another aspect of annual plan development for the WEQ is the coordination with its MOU counterparties. Mr. Buccigross stated the Board of Directors expects that annual plan items will be achieved, so if the subcommittees need more guidance on annual plan items to complete their tasks, it is incumbent on the Executive Committee to provide that guidance.

Mr. Cobb suggested a memorandum be developed to provide guidance on 2003 WEQ Annual Plan Item 4a. It was agreed a group who proposed and supported the inclusion of annual plan item 4d would be assembled to write the memorandum and present it for the consideration of the Executive Committee. Mr. Desselle noted the minutes from the annual plan development conference calls might provide a reasonable starting point for the memorandum, since that is where many of the items were finalized.

Mr. Oberski moved, seconded by Mr. Norris, to suspend task force efforts on the standardized electric trading day until the Executive Committee provides additional guidance. The motion passed unanimously.

A report on the progress of the memorandum drafting group was scheduled as an agenda item for the August Executive Committee meeting. Members of the drafting group initially identified include Mr. Cobb and Mr. A. Johnson.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

Seams Task Force: Ms. Paravalos reported on the first meeting of the Seams Task Force was held via conference call on April 28. She stated Seams Task Force is assigned 2003 WEQ Annual Plan Item 4d, *Develop business standards as necessary to resolve seams issues between ISOs and RTOs*. Ms. Paravalos stated the initial meeting was planning in nature and resulted in the identification of a task group to identify the seams issues, note what efforts might be underway to address those issues, and identify what possible business implications of the seams. Members of the task group included Ms. Perlman, Mr. Cox, and Mr. Rossignoli. Additionally, Ms. Paravalos noted Mr. Rossignoli was named chairman of the Seams Task Force.

The first face to face Seams Task Force meeting is scheduled for July 8 in Colorado Springs, CO.

Mr. Desselle noted NAESB has contacted the RTO/ISO CEOs, members of SSG-WI, and the ESC/OSC regarding the seams efforts, and that contact has met with positive results. Mr. Desselle stated those communications have highlighted that NAESB is only trying to catalog the issues and provide that information as a resource for the entire industry.

Market Standards Subcommittee: Mr. Gildea reported the Market Standards Subcommittee (MSS) has been inactive since the last Executive Committee meeting. He said the MSS was expecting a work directive to be contained in the FERC White Paper on Wholesale Power Market Platform, but the white paper did not contain that directive. However, he said the co-chairs of the MSS have discussed the possibility of ESC/OSC issues being assigned to the MSS, since the work of those groups has commonalities with the FERC.

Standards Review Subcommittee: Mr. Yeung reported on the work of the Standards Review Subcommittee (SRS) since the last Executive Committee meeting. He stated the SRS met in May and discussed the Coordinate Operations SAR and Coordinate Interchange SAR. He said the SRS worked on expanding the draft SRS reports for each SAR to provide more detail and examples of possible business practices impacts. Mr. Yeung noted the revised reports were posted and distributed for comment. Mr. Yeung stated the SRS also considered the Urgent Action Cybersecurity Standard and identified several commercial concerns prior to the NERC vote on the Standard. It was noted many of the comments raised during the SRS meeting were similar to the negative responses given in the NERC balloting process.

Mr. Lawson commented on the Urgent Action Cybersecurity Standard. He noted the urgent action standard did pass the NERC voting threshold, receiving 67% in favor [66% is required], but according to the NERC process, if a no vote is submitted that contains a comment, a recirculation vote is required. He noted NERC has initiated the recirculation vote process, and if the urgent action standard does not pass, the standard will not be implemented as an urgent action.

Mr. Lawson stated NERC is requesting volunteers for the drafting team for the non-urgent action SAR on Cybersecurity, which, assuming passage, will replace the urgent action standard after time provisions for the urgent action standard expire in one year. Mr. Lawson welcomed NAESB participants to volunteer for the drafting team. Mr. Lawson stated the drafting team will use the urgent action standard as a starting point for its development of the permanent SAR on Cybersecurity. It was noted the final SAR on Cybersecurity will proceed through the JIC process, as it is consistent with the process outlined in the MOU. Mr. Corneli went further to say that any proposed standard must go through the JIC process, even if it is a subsequent version of an already approved SAR. He noted the JIC is considering the development of a streamlined approach for approval in those instances.

Mr. Yeung solicited input from the Executive Committee on the content of the reports provided by the SRS. Specifically, he was interested in whether the Executive Committee found the content of the reports to be satisfactory, too broad, or deficient. Mr. Corneli encouraged Executive Committee members to read the SRS reports and give the feedback on the clarity and usefulness of the reports.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

He noted the first SRS report was presented during the April Executive Committee meeting. He said the SRS reports basically translate the NERC concepts into language business people can more easily understand and alert the NAESB membership to potential business implications of the pending SARs. Mr. Yeung stated the SRS review is geared toward whether a complementary NAESB business standard is required to complement the NERC reliability standard.

Update of 2003 Annual Plan: Mr. Corneli stated the WEQ annual plan development process is currently an open issue. He noted open issues include 2003 Annual Plan items that could be considered for revision to provide more specificity for the working groups, and development of more tailored annual plan items for subsequent years. Mr. Desselle agreed, and noted the WEQ should have a concept for its annual plan before the coordination process among the MOU signatories begins.

It was noted the NAESB Board of Directors usually votes to approve the quadrant annual plans at its last meeting of the year. To that end, Mr. Buccigross stated the WEQ should approve its annual plan during the October Executive Committee meeting to allow time for the JIC coordination process prior to Board consideration.

Participants discussed the level of specificity of the annual plan. The parties generally agreed the 2003 WEQ Annual Plan was not specific enough to allow the subcommittees to effectively complete the tasks outlined by the plan. Mr. Buccigross agreed that the specificity should be reflected in the process, but cautioned about making an annual plan too specific since changes to the annual plan must be approved by the Board of Directors. It was suggested information on specific steps, objectives, and goals could be addressed through subcommittee mission statements or the Executive Committee motions assigning the annual plan tasks to a specific subcommittee.

Mr. Corneli suggested a WEQ Annual Planning Subcommittee be established to begin work on the process questions surrounding the various issues identified. Mr. Corneli offered to chair the group and invited any interested parties to participate.

4. Review of Comments and Discussion and Vote on WEQ Contracts Subcommittee Recommendation of the Funds Transfer Agent Agreement as a NAESB Standard

Ms. Gasca presented the FTAA recommendation. She stated the FTAA Task Force met several times to discuss the draft FTAA agreement, the FTAA was voted out of the Contracts Subcommittee, posted for industry comments, and is now presented to the Executive Committee for approval as a NAESB standard.

Ms. Gasca responded to comments filed on the FTAA during the comment period. She stated the goal of the FTAA is to provide a voluntary tool for market participants with limited financial resources, not just WMBE companies. Additionally, she noted any costs associated with the agreement are usually borne by the party who benefits from the agreement. She also noted the power FTAA mirrors the FTAA for gas transactions, an instrument that has been used without incident for many years. Further, she stated the underlying agreement the FTAA works in concert with the underlying agreement, which prevails for operational issues and physical transactions.

Mr. W. Johnson, a participant in the drafting of the gas FTAA, briefly gave the history of the gas FTAA, and noted the historical documents which include a legal opinion on bankruptcy implications are available on the NAESB web site. He said many of the issues raised in the SRP comments are problems that did not happen during the gas implementation. He stated the history of the gas FTAA has proven the document is adequate as drafted.

Mr. A. Johnson moved, seconded by Mr. Oberski, to adopt the FTAA agreement for power as a NAESB standard.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

The Executive Committee extensively discussed the motion and the process surrounding the FTAA recommendation. It was confirmed the Contracts Subcommittee recommended adoption of the FTAA prior to its submission for industry comment. Mr. A. Johnson briefly reviewed the process of the FTAA task force and the Contracts Subcommittee related to adoption of the FTAA. It was noted pertinent procedural history can be found in the text of the recommendation and corresponding minutes of the meeting where the FTAA was discussed. Additionally, Mr. A. Johnson stated the Contracts Subcommittee debated the comments submitted on the FTAA, and reached general but not 100% consensus on the comments. [Submitted comments are available in the meeting materials.]

Participants discussed the SRP comments on the FTAA. Mr. Corneli said from his perspective the issues raised in the SRP comments were lessened due to the voluntary nature of the FTAA. Mr. Cobb said an underlying premise of the SRP comments was the potential for a mandatory standardized contract, and the implication that attachments to the contract, such as the FTAA, would then become mandatory as well. Ms. McQuade stated the FERC has never taken action on a NAESB-developed gas standardized contract. However, it was noted FERC's authority over the electric industry is different than that of the gas industry. Mr. Desselle said it was conceivable the FERC, through its authority of the Federal Power Act, could make a contract mandatory. However, Ms. McQuade stated NAESB would never seek to have a contract made mandatory. Further, she said FERC has been clear in establishing it would never force a party to transact business with a non-creditworthy party.

Given the concerns about the voluntary nature of the FTAA, Mr. Desselle suggested the motion be amended to note NAESB is not recommending the FTAA be made mandatory. Participants were amenable to the suggestion. Mr. Boswell noted the Wholesale Gas Quadrant addressed many of the same issues during its formation as GISB. Mr. Boswell stated it is fundamental that everything NAESB produces is voluntary, but the proposed amendment would not harm the motion. Accordingly, Mr. Ringenbach moved, seconded by Mr. Cooper, to amend the pending motion by adding the following language: The NAESB support for this standard is predicated on it remaining totally voluntary for all market participants. The amendment passed unanimously with Mr. Oberski abstaining.

Mr. Corneli called the vote on the following amended motion: Mr. Johnson moved to adopt the FTAA agreement for power as a standard. The NAESB support for this standard is predicated on it remaining totally voluntary for all market participants. [The motion is no longer seconded because it was amended and accepted by the body.] Voting was inconclusive, so the motion was sent out on notational ballot. [Subsequent to the meeting, notational votes were received and the motion passed.] Please see voting record below.

5. FERC White Paper Review and Implications on NAESB Annual Plan

Mr. Corneli opened discussion on the recently issued FERC White Paper on Wholesale Power Market Platform. Mr. Corneli stated the white paper preserved a lot of the concepts of the Standard Market Design (SMD) NOPR, but did not provide a lot of description. Mr. Corneli noted the white paper recognizes regional differences and allows for smaller RTOs subject to the intention that the smaller markets would work toward centralized markets – a change from its earlier policy of encouraging entities to join RTOs that comply with Order 2000.

It was noted the implications of the white paper significantly affect the NAESB, since the WEQ was established on the anticipation that the SMD NOPR would mature into a rule. Mr. Corneli suggested the WEQ should shift its focus in line with the white paper. He noted there will be continued need for industry standardization outside beyond reliability. Further, he said the last



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

paragraph of the white paper highlighted the ability of NERC, NAESB, and the ISO Council to work together.

Mr. Desselle reflected on feedback given by the FERC after the white paper. He stated there are opportunities for standardization not driven by SMD. He suggested through working in cooperation with NERC and the ISO Council on those areas, collaborative relationships working relationships could be built. He said the FERC suggested NAESB work on creditworthiness, the potential for a standard contract, and the electric trading day.

6. Subcommittee Restructuring Discussions

Mr. Corneli noted the Executive Committee is faced with addressing three basic issues related to subcommittee restructuring: 1) should seams efforts be addressed through a task force of subcommittee; 2) what is the future of the Market Standards Subcommittee; and 3) whether a Creditworthiness Subcommittee should be established. Participants discussed each of these issues.

Seams Efforts – Task Force or Subcommittee: A brief background of the current MOS Seams Task Force is discussed above. Mr. Corneli noted there is a lot of willingness among the ISOs and RTOs to share information and resources about their efforts to address seams issues, and also to share their peoples' expertise. Discussion focused on whether the Seams group should remain a task force, or become a subcommittee that reports to the Executive Committee. The role of NAESB in regional issues was also discussed.

Mr. Cobb stated the white paper revealed the recognition of regional issues. Participants discussed how a national organization would address regional issues. To use the Seams group as an example, Mr. Desselle stated an option would be to develop a catalog of the seams issues, submit that catalog to the JIC for its review, and decide which areas to standardize. Mr. Desselle recognized the research might reveal the need to standardize in a regional manner. Mr. Gallagher stated FERC has mandated resolution of seams issues in the North East. He went further to say while it is important to look at seams on a regional basis, the ultimate goal is consistency across the country to allow for seamless transportation of power from coast to coast. Mr. Berwager commented on SSGWI efforts, noting SSGWI tries to identify potential seams before they develop in the growing Western marketplace. He said the goal is not creation of a single market, but instead a system where business could be conducted across each of the RTOs.

It was noted the WGQ has dealt with regional issues for many years. Ms. McQuade said several WGQ standards have regional or operational difference embodied in the standard. As an example, she stated there are 3 different pipeline models with corresponding data elements. Ms. McQuade said procedurally regional differences are easily addressed, but the precondition for regional standards is the recognition of regional differences.

Mr. Berwager suggested making the Seams group a subcommittee presupposed national solutions. Instead, Mr. Berwager proposed work on the identified seams issues would be done in the existing subcommittees. Mr. Corneli suggested those issues would better be served through clarifying the tasks of the group. He noted being too broad or vague on 'seams' issues would recreate the same problems seen above with the ETTF. Additionally, he noted the initial task of the Seams group is identification of issues, not standards development. Were the Seams group to remain a task force under the MOS, Ms. Paravalos, a co-chair of the MOS, asked what role the MOS would play regarding the task force. She said the additional guidance the MOS could provide the Seams group would be limited.

Mr. Desselle stated whether the Seams group was organized as a task force or subcommittee, he want the work of the group highlighted. It was suggested if the group remains a task force, the task



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

force report to the Executive Committee instead of the MOS. Mr. Green favored that suggestion, noting the treatment might be appropriate given the profile of the issues.

Participants discussed the scope of the Seams group. It was noted there are a myriad of seams issues, including seams between restructured organizations and/or seams between RTOs and traditional areas and/or seams between vertically controlled areas operating with each other. Ms. Perlman confirmed the Seams group proposed to take a comprehensive look at all seams issues during the cataloging effort, but noted the group is still in the development phase. Mr. Yeung proposed the following as a possible scope for the Seams group:

To develop a common market interface that will allow participants to enter market transactions once and would then disseminate that data to multiple market systems. The goal is to eliminate duplication while providing a single source of dynamic communication that provides the status of transactions. This system would promote and facilitate the concept of "one stop shopping" across multiple markets.

Mr. Yeung noted this language was excerpted from the *Electronic Scheduling Collaborative and OASIS Standards Collaborative Transition Document*. Mr. Cobb favored the cataloging approach. It was noted the ESC cataloging effort would be a good starting document. Mr. Yeung suggested using that approach would mean a good portion of the cataloging work is complete, so the Seams group should not limit itself to only cataloging.

Mr. Ulch moved, seconded by Mr. A. Johnson, to leave the Seams Task Force under the MOS until the end of the 2003 WEQ Annual Plan. During discussion it was noted this treatment would be contrary to the suggestion of MOS leadership. Ms. Paravalos suggested having the Seams group report to the MOS would streamline the process. Mr. Ulch's motion failed.

Ms. Paravalos moved, seconded by Mr. Green, that the Executive Committee request the Seams Task Force report individually to the Executive Committee. The motion passed unanimously.

Given the new task force structure, Mr. Corneli said it was appropriate for an Executive Committee member to co-chair the task force. Mr. Cobb volunteered as co-chair.

Given the above discussion, participants discussed the plan for incorporating the work of the ESC/OSC into NAESB, as appropriate. Mr. Desselle stated that has not been determined, but likely would first be determined at the management level in connection with the other MOU signatories, and then the Executive Committee level, if appropriate. It was noted those decisions will be made soon. Mr. Mosher stated the ESC/OSC had no interest in getting into the politics of the pending decisions.

Market Standards Subcommittee: There was no resolution to change this subcommittee's structure at this time. The subcommittee is inactive as it was created to address standards issues resulting from the FERC's SMD requests to NAESB. No such requests have been made.

Creditworthiness Subcommittee: Mr. Desselle stated several parties, including the FERC, have suggested the WEQ begin its work on creditworthiness issues. Accordingly, Mr. Desselle encouraged the Executive Committee to formalize a group to begin work on creditworthiness. Mr. Desselle recognized the work of the Creditworthiness Subcommittee might be linked with Contracts Subcommittee issues or work that the Committee of Chief Risk Officers is independently addressing.

Mr. Corneli expressed concern that creditworthiness is a broad topic. He noted the WGQ had guidance from FERC through a FERC ruling on a complaint. Without some specific guidance, Mr. Corneli worried moving forward would prove difficult. Mr. Desselle suggested looking to the EEI process for some guidance, noting EEI will be evaluating the creditworthiness clauses in its



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

contracts. He said the EEI contract issues seem to be related to entities filing bankruptcy and methods to protect end use customers from credit risk. Ms. McQuade suggested looking to the informational requests and standards that are coming out of the gas side – these are relatively less controversial than some other topics.

Mr. Gallagher stated there are two creditworthiness implications: 1) creditworthiness between counterparties in individual agreements; and 2) ISO financial assurance policies. It was suggested work should begin with cataloging the actions between market participants and an ISO. Ms. Calcagno suggested evaluating what essential information should be communicated. She cautioned against working on counterparty creditworthiness issues. Mr. Desselle offered to talk to the IRCs to open opportunities for collaboration.

Mr. Corneli stated a group to begin the cataloging effort would be established subsequent to the meeting. Mr. A. Johnson offered to provide a document he drafted to serve as the starting point for the cataloging effort.

7. New Business

Update on 6-2-03 Joint Interface Committee Meeting: Mr. Yeung provided a quick review of the June 2, 2003 Joint Interface Committee (JIC) meeting. He said for the Coordinate Operations and Coordinate Interchange SARs, NERC has outlined the scope to focus only on reliability standards and identified that certain business practices under the current NERC policies that will not survive in the new standards. He stated the JIC passed motions that NAESB needs to develop the complementary standards. Mr. Yeung stated the main business practices affected include the curtailment process and tagging – the procedure for scheduling control areas. Mr. Corneli noted these were significant business issues. It was noted a NAESB standards request will be drafted for consideration at the next Triage Subcommittee meeting.

Regarding timing, Mr. Yeung stated it would be optimal to draft the NAESB standards parallel to the NERC reliability standards. However, it was noted the full impact of the NERC transition would not be realized until the NERC standards are implemented. Mr. Yeung stated it was important to have the complementary standards ready to be implemented when the NERC standards are implemented.

Distribution Retail Competitor Membership: Mr. Desselle stated there has been a request by Constellation New Energy, a sister company of Baltimore Gas & Electric Company, to join the Competitive Retailer sub-segment of the Distribution/LSE segment. He noted the quadrant procedures say the sub-segment is not available to an IOU affiliate, but the procedures do not define the term 'affiliate'. Mr. Desselle noted the issue has been researched and Constellation New Energy appears to fit within the sub-segment definition, since Constellation and BGE have separate management.

Although resolution of the issue is the purview of the Board of Directors, given the ambiguity of the terms, it was agreed to poll segment members on the issue.

8. Adjourn

Mr. Corneli adjourned the meeting at 3:25 p.m. Eastern.



9. Executive Committee Attendance and Voting Record

Title, Organization		Attendance	FTAA
End User Segment			
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	Phone	
David Meade	Manager Structured Power, Praxair, Inc.	Absent	Yes*
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	In Person	Yes
Randy Corbin	Assistant Director Analytical Services, Ohio Consumers' Counsel	Phone	
Paul Jett	Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.	Absent	Abstain*
Sharla Barklind, alt. for Westerfield	Assistant General Counsel, NARUC	In Person	Yes
Distribution/LSE Segment			
Thomas Ringenbach	Manager Business Standards, American Electric Power Service Corporation	In Person	Yes
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	Phone	Yes
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	Absent	
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	In Person	Yes
Syd Berwager	Senior Manager Policy Coordination and Project Management, Bonneville Power Administration/Power Business Line	In Person	Yes
V A C A N C Y	To be filled by the Competitive Retailer sub-segment		
Generation Segment			
Francis Halpin, alt. for Goss	Bonneville Power Administration	Phone	Yes
Louis Oberski	Transmission Manager, Dominion Energy Marketing Inc.	In Person	Yes
Tony Reed	Project Manager, Southern Company Generation and Energy Marketing	Absent	Yes/ballot
Barry Green	Manager US Regulatory Affairs, Ontario Power Generation	In Person	Yes
Steven B. Corneli	Director of Regulatory Affairs, NRG Power Marketing Inc.	In Person	Yes
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	In Person	Yes
Marketers/Brokers Segment			
Gary L. Jackson	Senior Manager External Markets and Policy, Tennessee Valley Authority Bulk Power Trading	In Person	Yes
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	Absent	Yes/ballot
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	In Person	Yes
Charles Yeung	Director of Business Standards, Reliant Resources	In Person	Yes

* Notational ballot.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
 Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
 Home Page: www.naesb.org

Alan Johnson	Senior Policy Analyst, Mirant	In Person	Yes
Michael F. Gildea	Director of Regulatory Policy, Duke Energy North America	In Person	Yes
Transmission Segment			
Steven C. Cobb	Manager Grid Access and Scheduling Services, Salt River Project	In Person	Yes
Jim Hicks, alt. for Gerrard	Financial Consultant, PacifiCorp	In Person	No
Dean Ulch, alt. for Lucas	Principal Engineer, Southern Company Services, Inc.	In Person	Yes
Mary Ellen Paravalos	Manager ITC Development, National Grid USA	In Person	Yes
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	Phone	
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	Absent	
Results:			Passed 22 Y/1 N

11. Other Participation

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-Deputy Director

Observers to the Meeting:

Name	Company	In person/Phone
Mariam Arnaut	American Gas Association	In Person
Bruce Balmat	PJM	In Person
Bill Boswell	Dominion	In Person
Jim Buccigross	Group 8760	In Person
Yvette Camp	Southern Company	Phone
Phil Cox	AEP	Phone
Edward Davis	Entergy Services	Phone
Michael Desselle	American Electric Power	In Person
Andy Dotterweich	Consumers Energy	In Person
Mary Doyle	Not Given	In Person
Amy Gasca	AMPRO Energy	Phone
Kara Gigliotti	Allegheny Energy Supply	Phone
Terry Grabiak	Allegheny Energy Supply	Phone
Jim Hartwell	NPCC	In Person
James Hebson	PSEG	Phone
Bill Heinrich	N.Y. Public Service Commission	Phone
Will Johnson	Visage Energy	Phone
Lynn Kelleher	Entergy Services	Phone
Barry Lawson	NRECA	In Person
Cecilia Liang-Nicol	Allegheny Energy Supply	Phone
Steve McCoy	CAISO	In Person
Sherri Monteith	American Electric Power	In Person
Sandy Murrey	WE Energies	Phone
Marjorie Perlman	Energy East Management Corp.	In Person



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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

Home Page: www.naesb.org

Name	Company	In person/Phone
Barbara Rehman	Bonneville Power Admin.	Phone
Lisa Roberts	Defense Energy Support Center	Phone
Evan Rowe	Public Utility Commission of Texas	Phone
Mike Small	Wright & Talisman	Phone
William Smith	Allegheny Energy Supply	Phone
David Stacey	Power X	Phone
Don Sytsma	R. J. Rudden Associates	In Person
Steve Terelmes	Ameren Energy	In Person