



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
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Home Page: www.naesb.org

TO: NAESB Wholesale Gas Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Meghan McMillan, NAESB Staff

RE: [Redlined](#) Draft Minutes from the NAESB Wholesale Gas Quadrant Executive Committee Meeting – December 12, 2002

DATE: ~~January 6~~[February 5](#), 2003

Wholesale Gas Quadrant Executive Committee Meeting
Thursday, December 12, 2002
[Redlined](#) Draft Minutes

1. Welcome

Mr. Buccigross opened the meeting, briefly reviewed the meeting materials, and thanked Consolidated Edison Company of New York for hosting the meeting. Mr. Steven Watts of McGuireWoods read the antitrust guidelines. Ms. McQuade called the roll of WGQ Executive Committee members present at the meeting, followed by the introduction of meeting observers and phone participants.

2. Wholesale Gas Quadrant Draft Agenda & Draft Minutes of one conference call and one meeting

The agenda was modified to strike two bullets under the subcommittee reports item (Publication Process Review Task Force and Meeting Coordination Task Force). A new number 8 (Action on BPS Report) was added, and the agenda renumbered accordingly. Ms. Chezar moved, seconded by Ms. Van Pelt, to adopt the agenda as modified. Upon a procedural vote, the agenda was adopted as modified.

The minutes from the October 17, 2002 Executive Committee meeting were reviewed. Ms. Davis noted the inclusion of her previously submitted changes in the final document. Ms. Davis sought clarification as to whom the letter regarding examples related to partial day recall standards referenced in the IR Subcommittee Report of the October 17 minutes was to be written. Additionally, it was noted that Mr. Spangler's name should replace Mr. Scheel's name under the Wholesale Gas Quadrant Procedures Task Force Report. Ms. Van Pelt moved, seconded by Mr. Young, to adopt the minutes [as modified](#) from October 17, 2002. Motion passed unanimously on a procedural vote.

Mr. Spangler, regarding the [corrected](#) November 15, 2002 minutes, questioned whether the title should read "minutes" instead of "notes". Ms. Davis concurred that "minutes" was appropriate. Ms. Van Pelt, seconded by Mr. Griffith, moved to adopt the draft meeting minutes [as modified](#) for the November 15th call as final. Motion passed unanimously on a procedural vote.

3. Review of Triage Decisions

Mr. Buccigross reviewed the results of the Triage subcommittee, which were subsequently adopted by the Executive Committee on a December 6, 2002 conference call. The Triage subcommittee took action on **Request No. R02012**, submitted by KeySpan Energy, proposing to modify the NAESB WGQ Capacity Release Standards and data sets, to the extent necessary,

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to incorporate the October 1, 2002 reinstatement of the price cap on capacity release transactions. The Triage subcommittee ~~found~~ recommends that Request No. R02012 as properly being within NAESB scope and assigned to the Wholesale Gas Quadrant. Further, it was decided Request No. R02012 should be assigned to BPS to be addressed in the normal course of business.

4. Consideration and Vote on R02002-3 and R97058B

R02002-3

Ms. Davis reviewed the recommendation prepared by IR on Request No. R02002-3. In short, IR proposed to add language and examples to the Business Process and Practices section of the NAESB WGQ Capacity Release Book. The IR proposal was in response to the WGQ Executive Committee's September 30, 2002 directive that IR develop a set of examples for the TIBP document regarding the Elapsed Prorata Capacity for intraday recalls based on the recommendation for R02002. Ms. Davis moved, seconded by Mr. Young, that the WGQ Executive Committee adopt the recommendation for R02002-3. The motion, which required a super-majority for passage, passed unanimously on a roll call vote.

R97058B

Ms. Davis reviewed the recommendation ~~prepared by IR~~ on Request No. R97058B. In summary, ~~IR-it~~ proposed to: 1) modify the following data dictionaries to accommodate the use of a proprietary entity code: Nominations Standards 1.4.1 through 1.4.7, Flowing Gas Standards 2.4.1 through 2.4.16, Invoicing Standards 3.4.1 through 3.4.4, and Capacity Release Standards 5.4.1 through 5.4.22; 2) modify the Technical Implementation of Business Processes of all the data sets listed above; 3) modify the related Standards section labeled Common Codes in the Nominations, Flowing Gas, Invoicing and Capacity Release Books; and 4) modify the X12 implementation to accommodate the use of a proprietary entity code in the data sets listed above. Ms. Davis noted that this was a major undertaking that took in excess of 12 working days to complete. Ms. Davis moved, seconded by Ms. Chezar, that the WGQ Executive Committee adopt the recommendation for R97058B. The motion, which required a super-majority for passage, passed unanimously on a roll call vote.

5. 2002 WGQ Annual Plan Review

Mr. Buccigross reviewed the 2002 WGQ annual plan. He noted that item 9, Modify the Funds Transfer Agreement as necessary after several years of use, and item 10, Develop standards as necessary to implement the FERC order as a result of Docket No. RM96-1-019 (Partial Day Recalls), are now complete, and those changes in status will be reflected on the 2002 WGQ annual plan. There was no further discussion on the plan.

6. 2003 WGQ Annual Plan Development

Mr. Buccigross reviewed the new 2003 Annual Plan as it appears in the EC book. He noted the Mexican Addendum previously listed as an active item assigned to the Contracts Subcommittee, has been moved to the provisional list. Ms. Van Pelt requested that the Mexican Addendum provisional item be reworded to read like the other provisional items by striking "develop the" from the item description.

Mr. Buccigross proposed a meeting of the Annual Plan Subcommittee as a multi-quadrant group be held so they can approve the Annual Plans for each quadrant. Concerns were voiced about this group making decisions regarding the annual plans. It was noted that [any suggested changes made would come back to the Executive Committee for endorsement but](#)

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[the](#) final approval of annual plans rests with the Board. It was further noted that the Annual Plan Subcommittee would not have the authority to make changes to the annual plans.

7. Update on 2002 WGQ Annual Plan & Subcommittee Reports

Business Practice Subcommittee (BPS)

Ms. Van Pelt reported that BPS is currently working on the development of creditworthiness standards, noting a draft work plan has been completed. Further, she stated that BPS will not begin work on Request No. R02012 until 2003.

Contracts

Mr. Sappenfield gave the update. The Contracts [s](#)Subcommittee had its initial meeting on November 18. Mr. Sappenfield said a conference call has been scheduled for December 17 to discuss and organize proposed items for the content of a Credit Annex to the existing NAESB Base Contract. Mr. Sappenfield requested that further suggestions be sent to either Ms. Calcagno or himself prior to that conference call. Additionally, he said [a](#) face-to-face meeting is scheduled to be held in Houston on January 21, 2003 to begin examining and prioritizing the ~~previously identified~~[previously identified](#) Credit Annex items, and possibly breaking into smaller groups to begin drafting. He noted that the WEQ annual plan might include credit issues that could require multi-quadrant efforts.

Electronic Delivery Mechanisms (EDM)

Mr. Buccigross welcomed Christopher Burden as a new co-chair of the EDM Subcommittee. Mr. Spangler gave the update. Mr. Spangler stated that the EDM is currently working on the 2003 annual plan items, including an update of the minimum textbook characteristics and also some homework involving the EDM standards. The 2003 WGQ annual plan, in items two through five, directs the EDM Subcommittee to submit EDM standards to ANSI for approval as ANSI standards, explore additional possibilities for partnership with the Department of Energy, review security standards required by technological changes, and review the minimum technical characteristics in Appendices C, D, and E of the EDM Manual.

IR

Ms. Davis gave the update. Ms. Davis reported that as of today, all Order No. 637 items have been completed. For regular business, Ms. Davis referred the Executive Committee to the IR Log, which is located under Tab 6 of the Executive Committee Book ~~and is or~~ posted on the [WGQ IR](#) page of www.naesb.org. Ms. Davis noted the log is current as of November 5. Ms. Davis reported that for the Month of December, IR addressed most agenda items. ~~Agenda Items for the December IR meeting included: 1) EITF Capacity Release Requests - Request No. R99008 from CIC; 2) EITF General Requests - Request Nos. R98047 and R98049 from TransCapacity; 3) Flowing Gas Related Requests - Request Nos. R98081 and R98082 from Williams; and 4) Nominations Related Requests - 1999 Annual Plan Cross Contract Ranking Request.~~

Technical Subcommittee

Ms. Van Pelt gave the update. Ms. VanPelt reported that the subcommittee ~~has~~ finished ~~up~~[R97058B for the use of proprietary entity code](#). ~~the proprietary capacity release data set.~~ Additionally, the Technical Subcommittee is working on a Tennessee request, R99024, regarding changes to the report location ~~and in the~~ capacity release data sets, which will possibly be finished next month. Once completed, she said BPS will complete the template for



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the X12 Subcommittee on transactional reporting data sets. After the template is completed, she stated the subcommittee will address R96056, from ExxonMobil regarding the creation of a producer imbalance statement. However, Ms. Van Pelt noted BPS would still handle smaller requests while working on these larger projects.

8. BPS Creditworthiness Proposed Work Plan

Ms. Van Pelt gave the update. BPS met on November 6-7, 2002 and December 3-4, 2002 to develop a proposed work plan for the Executive Committee to take action. This work plan will be used by BPS to determine if any standards need to be developed related to credit worthiness. She reviewed the work plan. Ms. Van Pelt noted a conference call is scheduled for Tuesday, December 17, 2002 to develop a meeting date schedule and to prioritize the items on the work plan. Ms. McQuade noted if the schedule needs to be altered the FERC wants to be aware of it. Mr. Novak proposed that any changes in the work plan be noted in future meeting minutes for the FERC to review.

Mr. ~~Dales-Downs~~ voiced concerns about the scope of the work plan regarding credit evaluation and criteria and amount of assurances. Mr. ~~Dales-Downs~~ stated concern that the policy guidance needed from the FERC may be deficient and Calpine would urge NAESB to provide information requests to the FERC to get policy guidance to ensure creditworthiness standards are fully in scope. Mr. ~~Dales-Downs~~ agreed to submit comments on this issue to the NAESB Office. Ms. Corcoran noted in the past when these types of questions came up, individual companies took the request to the FERC for information. Her concern was that by taking the action requested by Mr. ~~Dales-Downs~~, NAESB could be viewed as advocating for a particular position.

Ms. Van Pelt voiced concerns on behalf of CMS Panhandle Eastern Pipe Line that Commission policy concerning credit worthiness is not clearly defined. She noted that with the lack of guidance it will be difficult to establish standards. Ms. Van Pelt asserted several items of the Creditworthiness Work Plan are inconsistent with the charge sent from the Board of Directors. Further, she contended that if resultant standards returned from BPS to the Executive Committee are policy related, CMS will not support them. Other members voiced similar concerns about the work plan.

~~Mr. Dotterweich~~ ~~Ms. Chezar~~ moved, seconded by ~~Mr. Novak~~ ~~Mr. Schwecke~~, to accept the BPS Creditworthiness work plan as modified. The motion passed through a procedural vote, with 11 members voting in favor, five opposing, and Mr. Greene abstaining. Additional BPS meetings have been scheduled for January 22-23 in Houston, TX and February 5-6 in Richmond, VA.

9. Election of 2003 NAESB EC Chair

Mr. Buccigross reviewed the process for electing chairs/vice-chairs for the EC.

10. Election of 2003 Wholesale Gas Quadrant EC Vice Chair

Meeting participants agreed the WGQ 2003 vice-chair would be elected during the meeting. The group discussed the creation of a second vice-chair position. Concerns were voiced about electing someone to this position when the position is not specified in the by-laws. Mr. Bray suggested that the by-laws do not prohibit the WGQ Executive Committee from electing any officers it wants, so long as those elected function only as officers of the WGQ Executive Committee.



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Mr. Sappenfield, seconded by Ms. Chezar, nominated Mr. Buccigross for WGQ vice-chair. Upon a unanimous vote, Mr. Buccigross was elected WGQ vice-chair for 2003. Mr. Buccigross announced his intention to run for the position of overall EC chair. An all-EC election with balanced ~~voting which~~ voting that will be held through a notation ballot.

Mr. Buccigross suggested that the WGQ EC proceed with the compromise noted by Mr. Bray and elect a WGQ EC officer, to be called a designee pending resolution of the issue as to whether the WGQ procedures specifically provide for the establishment of the office of Second Vice Chair. Accordingly, Mr. Buccigross read the following resolution to establish the aforementioned position:

Resolution:

Whereas, Section 10.3(a) of the bylaws of the North American Energy Standards Board provides for a Vice Chair from Wholesale Gas Quadrant (hereinafter 'WGQ Vice Chair'), and

Whereas, the responsibilities of the WGQ Vice Chair include, amongst others, chairing meetings of the Wholesale Gas Quadrant (WGQ) Executive Committee, and

Whereas, the WGQ Vice Chair may be unable, from time to time, to participate as chair of the WGQ Executive Committee and therefore, be unable to chair such meetings, and

Now, therefore, the WGQ Executive Committee hereby creates the position of WGQ Second Vice Chair

And, further, the Executive Committee directs that the term for WGQ Second Vice Chair be for one year, ending December 31 each year and that the WGQ elect the WGQ Second Vice Chair from the membership of the WGQ Executive Committee at the last meeting it holds each year, or thereabouts, as practicable.

Ms. Davis made a motion that modified the resolution, noting the Executive Committee is voting on a designee, not establishing the position. Further, the resolution, along with a directive to develop the position in accordance with the un-amended resolution, should be sent to the WGQ Quadrant Procedures Task Force for inclusion in the WGQ procedures. The motion was seconded by Mr. Keeler, and accordingly, the amendment to the resolution was accepted and the motion passed unanimously on a procedural vote.

Mr. Gracey, seconded by Mr. Novak, nominated Ms. Van Pelt for the position of Second Vice-Chair designee. Hearing no other nominations, Mr. Buccigross called a procedural vote. Ms. Van Pelt was elected unanimously as the 2003 Second Vice-Chair designee.

11. WGQ Procedures Task force

Ms. Van Pelt updated the Executive Committee on work completed by the WGQ Procedures Task Force. She stated Board of Directors term length is an open issue. It was noted that the only proscriptions regarding term length in the By-laws is that terms must be at least one year and no more than three years, staggered. Procedures on this topic should be presented for review and approval at the next EC meeting.

12. Other Business

Ms. Davis moved, seconded by Mr. Young, to adjourn. The meeting adjourned on Thursday, December 12, 2002 at 4:20pm.



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9. Executive Committee Attendance

Title, Organization		R02002-3	R97058B	Present
End User Segment				
Diane McVicker (alt. Joel Greene)	Principal Fuel Supply Sr. Analyst, Salt River Project	Yes	Yes	Phone
Bill Hebenstreit	Vice President Contract Services, El Paso Merchant Energy	Yes	Yes	Phone
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	Yes	Yes	Phone
Dona Gussow	Contracts Coordinator, Florida Power and Light			Absent
Tina Burnett	Natural Gas Resources Utility Management, Boeing	Yes	Yes	Phone
LDC Segment				
Rodger Schwecke	Transportation Contract Administrator, Southern California Gas	Yes	Yes	In person
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	Yes	Yes	In person
Chris Maturo	Director, Operations Integration, NiSource	Yes	Yes	In person
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Yes	Yes	In person
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY	Yes	Yes	In person
Pipeline Segment				
Mark Gracey	Consultant - Business Processes, Tennessee Gas Pipeline Co.	Yes	Yes	In person
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	Yes	Yes	In person
Dale Davis	Consultant, Williams Gas Pipeline	Yes	Yes	In person
Randy Young	Director, Regulatory Compliance, Gulf South Pipeline Co., LP	Yes	Yes	In person
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	Yes	Yes	In person
Producer Segment				
Lauren Kaestner	Regulatory Consultant, BP Amoco			Absent
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Yes	Yes	In person
Sheri Heslington	Dominion Exploration	Yes	Yes	Phone
Richard Smith	Director, Regulatory Affairs, ExxonMobil			Absent
V A C A N C Y				
Services Segment				
V A C A N C Y				
Carl Caldwell	Director, Consulting Services, CGI	Yes	Yes	In Person
Leigh Spangler	CEO, Latitude Technologies	Yes	Yes	Phone
Jim Buccigross	Vice President, 8760 Inc.	Yes	Yes	In person
Keith	Director, EnCana Energy Services	Yes	Yes	In person



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Sappenfield

10. Other Participation

Administrative:

Rae McQuade	-Executive Director
James Costan	-General Counsel
Meghan McMillan	-NAESB Staff

Observers to the Meeting:

Name	Company	In person/Phone
Arnaout, Mariam	AGA	Phone
Bray, Mike	Shell Gas Transmission	In Person
Burch, Kathryn	Duke Energy - Texas Eastern	In Person
Burden, Christopher	Williams Gas Pipeline	In Person
Calcagno, Suzanne	UBS Warburg Energy	In Person
Colombo, Craig	Dominion Resources	In Person
Connor, Peter	Nisource Distribution Company	Phone
Cooper, Daniel	Michigan Public Power Agency	Phone
Corbin, Randy	Ohio Consumers Council	Phone
Corcoran, Cynthia	Enbridge Energy	In Person
Davidson, Pat	Southern California Gas Co.	In Person
Davis, Ed	Entergy Services	In Person
Dotterweich, Andrew	Consumers Energy	In Person
Downs, Jim	Calpine Corporation	In Person
Dworzak, David	EEI	Phone
Evans-Mongeon, Brian	Vermont Public Power	Phone
Fatina, Barb	Exelon Energy	In Person
Fava, Gene	Great Lakes Gas Transmission	In Person
Goss, Bob	SEPA	In Person
Gwilliam, Tom	Iroquois Gas Transmission System	In Person
Hayes, Bruce	Ohio Consumers Council	Phone
Hess, Theresa	Reliant Energy Retail Services	In Person
Hoffman, Cheryl	Hoffman-Paulson Associates	In Person
Johnson, Alan	Mirant Corp.	In Person
King, Iris	Dominion Transmission	In Person
Kiselewich, Ruth	BGE	In Person
Lawson, Barry	NRECA	In Person
Liang-Nicoll, Cecelia	Alleghany Energy Supply	Phone
Lucas, John	Southern Company	Phone
McCain, Marcy	Duke Energy - Algonquin	In Person
Norris, Clay	North Carolina Municipal Power Agency	Phone
Oppenheim, Bill	PECO Energy	In Person
Paulson, Lawrence	Hoffman-Paulson Associates	In Person
Perlman, Marjorie	Energy East	In Person
Ringenbach, Thomas	AEP	Phone
Sayuk, Steve	ExxonMobil Power & Gas Services	Phone
Sipe, Rod	New Science Partners	In Person
Voeck, Julie	American Transmission company	Phone
Watts, Stephen	McGuireWoods	Phone
Westerfield, Lou Anne	Idaho Public Utilities Commission	Phone



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Name	Company	In person/Phone
Wilke, Mark	CMS Trunkline Gas Co.	In Person
Zavodnick, Steve	BGE	In Person
