



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
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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 – February 20, 2003
DATE: ~~March 18~~April 7, 2003

**Wholesale Gas Quadrant Executive Committee Meeting
Thursday, February 20, 2003
Draft Minutes**

1. Welcome

Ms. Van Pelt opened the meeting and thanked Entergy for hosting. Mr. Oncken gave the antitrust guidelines. Roll call was taken in the room and on the phone.

2. Adoption of Agenda & Minutes

Ms. Van Pelt suggested moving 'WGQ Quadrant Procedures' to the subcommittee updates section of the agenda. Mr. Sappenfield proposed to include a work plan review and discussion of creditworthiness during the BPS report. Mr. Novak noted a workpaper has been prepared containing revised dates for the BPS Creditworthiness Work Plan. Mr. Griffith moved, seconded by Mr. Young, to adopt the revised agenda. Upon a procedural vote the revised agenda was adopted.

Mr. Keeler moved, seconded by Ms. McVicker, to adopt the modified redlined draft minutes from December 12, 2002. Upon a procedural vote the modified redlined draft minutes were adopted as final.

3. Review of Triage Decisions

Ms. Van Pelt reviewed the results from the January 31, 2003 Triage Subcommittee meeting as set forth below:-

–Request R03001, submitted by El Paso Western Pipelines, requested two new data elements be added to the Request for Confirmation, Confirmation Response and Scheduled Quantity for Operator. Request R03001 was found to be within NAESB scope, assigned to the WGQ, and referred to the WGQ BPS to be handled in the normal course of business. Request R03002, submitted by National Fuel Gas Distribution Corporation, requested a review of NAESB WGQ Version 1.6 Standards Booklets and Implementation Guides to remove references to actions and dates that have already passed. Request R03002 was found to be within NAESB scope, assigned to the WGQ, and referred to the WGQ BPS to be handled in the normal course of business.

Mr. Buccigross noted these requests were voted on and approved by all four Quadrant's Executive Committees during the February 7, 2003 joint Executive Committee conference call.

4. Interpretations Subcommittee

Mr. Buccigross stated the next Interpretations Subcommittee meeting is a conference call scheduled for February 28, 2003. Ms. McQuade listed the identified members of the subcommittee as follows: Sylvia Munson (chair), Keith Sappenfield, Shelly Corman, Paul Love, Steve Sullivan, Mike Novak,



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Paul Keeler, Diane McVicker, Tina Burnett, and Sheri Heslington. Mr. Buccigross noted the interpretations request has been posted to the NAESB web site.

5. 2003 WGQ Annual Plan Review

Mr. Buccigross reported there have not been significant changes to the 2003 WGQ Annual Plan, but noted there may be adjustments to the annual plan due to cross-quadrant activities. Ms. Davis stated the word 'developed' should be removed from the provisional Mexican Addendum item on the annual plan.

6. Update on 2003 WGQ Annual Plan & Subcommittee Reports

Business Practices Subcommittee

Ms. Van Pelt stated the BPS is focusing on creditworthiness and has not scheduled many normal business meetings. Ms. Van Pelt noted there are three normal-course-of-business requests pending at the moment, but none of them are high priority. Ms. McQuade confirmed the five chairs for BPS: Tina Burnett, Mike Novak, Kim Van Pelt, Sheri Heslington, and Keith Sappenfield.

Contracts Subcommittee

Mr. Sappenfield reported on the Contracts Subcommittee. Mr. Sappenfield stated that work on the Credit Support Addendum is progressing and the subcommittee has prepared a document encompassing the first round of comments which will be posted to the NAESB web site. Mr. Sappenfield noted there would be a Contracts Subcommittee conference call scheduled for February 26, 2003 where the subcommittee will attempt to set a target date for completion of the Credit Support Annex. Mr. Sappenfield suggested a target date of April 15, 2003, so the WGQ Executive Committee could take action during the June meeting. —The next items on the agenda for the Contracts Subcommittee are the ISDA/NAESB Gas Annex and the subcommittee will also discuss possible coordination with the WEQ concerning the annex and the FTAA.

EDM Subcommittee

Mr. Spangler reported the EDM Subcommittee is currently working on 2003 WGQ Annual Plan Item 5, (*Explore additional possibilities for partnership with the Department of Energy similar to that of the Sandia report.*) Also, Mr. Spangler said that during the upcoming EDM Subcommittee meeting on March 5, 2003, the subcommittee will have a joint information sharing session with the Retail Electric Quadrant and Retail Gas Quadrant Technical Electronic Implementation Subcommittee~~s~~.

Information Requirements Subcommittee

Ms. Davis stated the Information Requirements (IR) Subcommittee has had two meetings since December 2002 and a new log should be posted within the next week. Currently the subcommittee is working on request R98047 submitted by TransCapacity. This request proposes to add a new data set, "Supported Code Value Information," ~~plus a new code value, "Supported Code Values," in the Upload of Request for Download (and Response) data sets~~ to facilitate the transfer of valid code value information to ~~and from~~ trading partners. Ms. Davis confirmed that she has verified with TransCapacity the request is not moot.

Ms. Davis ~~She~~ also noted the IR and Technical Subcommittee meetings posted for March and April have been cancelled to accommodate the BPS need for meeting dates (March) and the lack of a host in Ft. Lauderdale (April). ~~but i~~ n place of these, three and a half days of meetings for both the WGQ Technical Subcommittee and IR have been scheduled starting March 31, 2003.



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Technical and ANSI X12 Subcommittees

Ms. Van Pelt stated the Technical ~~s~~Subcommittee is working on several new data set requests including major requests to modify entity type information and modifications to the location of information in the capacity release data sets. The subcommittee will be handling smaller requests in between working on these larger data sets. At the March 31, 2003 meeting the Technical Subcommittee will attempt to finish all transactional reporting related ~~to~~ development and move immediately to the producer imbalance.

Ms. Van Pelt reported NAESB has several requests pending before the DISA X12 Subcommittee. Assuming DISA consideration and approval in June and publication in December, the ~~NAEBS~~ NAESB recommendations can be subsequently ~~issued~~completed and submitted to the EC.

BPS Creditworthiness

Mr. Novak noted the BPS creditworthiness work plan is posted on the NAESB website at <http://www.naesb.org/bps.htm>. The BPS has completed items II A and B, and is working on II C. Mr. Novak stated FERC has issued orders that the BPS is reviewing for any issues that need to be addressed in the proposed BPS creditworthiness standards. He noted the subcommittee has drafted a strawman document of ten proposed standards, which will be given a final review before the subcommittee votes to approve the entire package. Mr. Novak suggested the EC consider resetting some of the dates on the work plan, and stated one option would be to ask the FERC for more time and provide the FERC with a progress report on June 1. He stated the BPS does not want to cut any days off of the comment period, and the subcommittee will not have the work plan completed in time for the April EC meeting. Mr. Novak suggested the EC schedule an additional EC meeting, possibly on May 15, to review and vote on the proposed standards. Mr. Novak proposed the BPS June report to the FERC would detail the work completed and note the proposed standards have not passed member ratification. Then, if and when the creditworthiness standards are ratified, NAESB would update the FERC with a supplemental report. Mr. Novak stated the BPS hopes to complete their meetings by April 1 and pass the proposed standards to the EC for consideration by May 1.

Ms. McVicker moved, seconded by Ms. Burnett, to adopt the modified BPS Creditworthiness work plan. Upon a procedural vote, the motion passed. The work plan was modified to include new completion dates for the following items:

I. C.	WGQ EC Comment Period Begins	04/01/03
I. D.	WGQ EC Comments Due	05/01/03
I. E.	WGQ EC Meeting	05/15/03
I. F.	WGQ Member Ratification Begins	05/20/03
I. G.	WGQ Member Ratification Ends	06/20/03

Mr. Sappenfield moved, seconded by Mr. Hinners, to modify the BPS Creditworthiness work plan as follows: "(1) Renumber the current work plan item II G. as II I., (2) Add work plan item II G. "Monetary level of Credit Alternatives", and (3) Add work plan item II H. "Criteria and financial analysis employed by TSP for evaluating creditworthiness of a SR." He noted the BPS should discuss these topics, but recognized it may not be possible for the subcommittee to draft standards.



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Mr. Young voiced concerns about delaying the timeline further by adding these additional items, and noted his opinion that the FERC has not indicated a need for NAESB to develop standards in these areas. Ms. Chezar agreed and noted it is premature to modify the work plan before final orders are issued by the FERC concerning these items. Ms. Burch stated Duke Energy Gas Transmission believes these two orders are isolated incidents and as such she would oppose standardization in these areas and the proposal to add these items to the BPS Creditworthiness Work Plan.

Mr. Young noted there are several filings addressing the proposed item II G in different ways and he suggested the BPS wait for the FERC to publish final orders concerning "Monetary level of Credit Alternatives." He stated there is no reason to develop standards on this issue when the FERC is going to issue policy.

Ms. Daly stated there should be no problem with expanding the creditworthiness discussion to include additional items because the broader the discussion is in the NAESB BPS meeting, the more information NAESB is able to pass on to the FERC in the June report. Ms. Daly noted the FERC will have the ultimate say as far as developing policy is concerned. Mr. Hinners stated the FERC has asked NAESB to discuss these issues to determine what standards (if any) can be agreed upon, and the FERC will consider the information NAESB provides. Mr. Desselle suggested the BPS should discuss the proposed additions to the work plan to identify opportunities to develop standards and policy issues that the FERC might need to address. Mr. Novak stated the subcommittee should proceed as directed by the annual plan and deal only with existing and new FERC policy as it is ordered.

No further discussion was recorded. Ms. Van Pelt re-read the motion, ~~as follows: "modify the BPS Creditworthiness work plan as follows: "(1) Renumber the current work plan item II G. as II I., (2) Add work plan item II G. "Monetary level of Credit Alternatives", and (3) Add work plan item II H. "Criteria and financial analysis employed by TSP for evaluating creditworthiness of a SR."~~

Mr. Sappenfield requested roll call vote by segment. Upon recording the vote, the motion as stated above failed.

Mr. Novak suggested this discussion be included in the June 1 report to the FERC. Ms. Van Pelt noted upcoming BPS Creditworthiness meetings as follows:

- February 27, 2003; conference call; 12:30 p.m. - 3:30 p.m. CST
- March 6, 2003; meeting in Houston, TX; 10:00 a.m. - 6:00 p.m. CST
- March 7, 2003; meeting in Houston, TX; 8:00 a.m. - 2:00 p.m. CST
- March 13, 2003; conference call; noon-3:30 p.m. CST
- March 18, 2003; meeting in Washington, DC; 10:00 a.m. - 6:00 p.m. EST
- March 19, 2003; meeting in Washington, DC; 8:00 a.m. - 2:00 p.m. EST

7. 2004 WGQ Annual Plan Development

Mr. Buccigross stated the Annual Plan Subcommittee (APS) was established with two goals: 1) to determine which 2003 annual plan items for each quadrant are cross-quadrant issues; and 2) to coordinate 2004 annual plan issues that might be cross-quadrant in nature in advance of the annual plan approval process. Mr. Buccigross reported the APS is working on the first goal through a series of conference calls. Mr. Buccigross noted the APS results might require the Executive Committee to revise the 2003 WGQ Annual Plan. Mr. Buccigross stated the initial development of the 2004 annual plans should start around April.

8. Other Business



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Setting Publication Date for next WGQ standards

Mr. Novak moved, seconded by Ms. McVicker to set publication of NAESB WGQ Standards version 1.7 for July 31, 2003. Upon a procedural vote, the motion passed unanimously.

Mr. Novak moved, seconded by Ms. Chezar, to assign standards numbers to be applied in a sequential fashion to the standards developed under request R02002 and R02002-2/Order 587N. Such standards numbers should be communicated to the Commission in advance of the publication of NAESB WGQ Standards version 1.7.

Mr. Young stated these numbers should be posted in final actions but do not need to be formally communicated to the Commission. Mr. Novak asked if it was sufficient for the pipelines to have these numbers posted as a final action. Mr. Young stated it is probably necessary to communicate that numbers have been assigned but it is not necessary to communicate the specific numbers to the Commission. It was noted the original motion stands. Mr. Oncken re-read the motion. Upon a procedural vote the motion passed unanimously.

WGQ Quadrant Procedures

Ms. Burnett asked if the WGQ Quadrant Procedures were discussed. Ms. Van Pelt noted there was not anything new to report. She noted language needs to be added to address the Second Vice Chair position and then the quadrant procedures will be on the next EC agenda.

9. Adjourn

Ms. McVicker moved, seconded by Mr. Keeler, to adjourn the meeting on February 20, 2003 at 12:55 p.m. CDT.

10. Executive Committee Attendees and Voting Record

	Title, Organization	Vote1	Present
End User Segment			
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	yes	In Person
Gary Hinners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	yes	In Person
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	yes	In Person
Dona Gussow	Contracts Coordinator, Florida Power and Light	yes	Phone
Tina Burnett	Natural Gas Resources Utility Management, Boeing	yes	In Person
LDC Segment			
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas		Absent
Rick Ishikawa, Alternate <u>for</u>	Transportation Contract Administrator, Southern California Gas Company	no	In Person
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	no	In Person
Chris Maturo	Director, Operations Integration, NiSource	no	In Person

1 The motion recorded as a roll call vote was: "modify the BPS Creditworthiness work plan as follows: "(1) Renumber the current work plan item II G. as II I., (2) Add work plan item II G. "Monetary level of Credit Alternatives", and (3) Add work plan item II H. "Criteria and financial analysis employed by TSP for evaluating creditworthiness of a SR."



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Mike Novak	Assistant General Manager, National Fuel Gas Distribution	no	In Person
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY		Absent
Marjorie Perlman, Alternate <u>for</u>	Directory Federal Regulatory Proceedings, Energy East Management Corp.	no	In Person
Pipeline Segment			
Mark Gracey	Consultant – Business Processes, Tennessee Gas Pipeline Co.	no	In Person
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	no	In Person
Dale Davis	Consultant, Williams Gas Pipeline	no	In Person
Randy Young	Director, Regulatory Compliance, Gulf South Pipeline Co., LP	no	In Person
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	no	In Person
Producer Segment			
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company		Absent
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	no	In Person
Sheri Heslington	Dominion Exploration	yes	Phone
Richard Smith	Director, Regulatory Affairs, ExxonMobil	no	Phone
V A C A N C Y			
Services Segment			
Suzanne	Associate Director – Regulatory Compliance, UBS		Absent
Calcagno	Warburg Energy		
V A C A N C Y			
Leigh Spangler	CEO, Latitude Technologies	yes	In Person
Jim Buccigross	Vice President, 8760 Inc.	yes	Phone
Keith Sappenfield	Director, EnCana Energy Services	yes	In Person
		<u>Total</u>	<u>9 yes / 12</u> <u>no</u>

11. Observers

Name	Company	In Person/Phone
Bray, Mike	Shell Gas Transmission	In Person
Brooks, Dick	Systrends	In Person
Burch, Kathryn	Duke Energy – Texas Eastern	In Person
Burden, Christopher	Williams Gas Pipeline	In Person
Dotterweich, Andy	Consumers Energy	In Person
Downs, Jim	Calpine Corp.	In Person
Duede, Gary	Arizona Public Service	In Person
Hess, Theresa	Reliant Energy Retail Services	In Person
Keeler, Jon	Great Lakes Gas	In Person
King, Iris	Dominion Transmission	In Person



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Marino, Annunciata	Pennsylvania PUC	Phone
McCain, Marcy	Duke Energy - Texas Eastern	In Person
McMillan, Meghan	NAESB	In Person
McQuade, Rae	NAESB Executive Director	In Person
Oncken, Todd	NAESB	In Person
Oppenheim, Bill	PECO Energy	In Person
Paulson, Lawrence	Hoffman - Paulson Associates	In Person
Scott, Donna	Tanswestern	Phone
Stengel, Joe	Philadelphia Gas Works	In Person
Thomason, Veronica	NAESB	In Person
Vaughn, Mark	Cascade Natural Gas	Phone
Zavodnick, Steve	Baltimore Gas & Electric	Phone