North American Energy Standards Board

Advisory Council Meeting

February 11, 2006

Washington, DC

North American Energy Standards Board
ADVISORY COUNCIL MEETING
FEBRUARY 11, 2006

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TAB 1

Agenda and Opening Remarks

This section includes:

- Agenda
- Antitrust Guidance
- 2006-2007 Advisory Council Members

This section tracks with agenda item 1.

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Hyatt Regency Hotel on Capitol Hill, Washington, DC
Capitol Room A
4:00 to 6:00 pm Eastern

AGENDA

4:00 pm 1. Welcome
- Antitrust Guidance
- Welcome to Members and Attendees
- Introduction and Roll Call
- Adoption of Agenda

2. Coordination with Government Agencies
- 2005 FERC Filings
- DOE, Sandia National Laboratories

3. Coordination with Other Standards Organizations and Energy Groups
- NARUC
- NERC
- JIC
- Trade Associations

4. Update on Quadrant Activities
WEQ 2005 Highlights and Review of 2006 Annual Plan
RGQ and REQ 2005 Highlights and Review of Joint 2006 Annual Plan
WGQ 2005 Highlights and Review of 2006 Annual Plan

5. Discussion of Board Level Committees
- Gas-Electric Interdependency Committee (GEIC)
- Certification Program Committee (CPC)
- Resources Committee
- Retail Awareness Committee (RAC)
- Retail Structure Review Committee (RSRC)

6. New Business
- Ideas and Suggestions from the Floor
- Election of Chair for 2006-2007

6:00 pm 7. Adjourn

6:00 to 8:00 pm Reception Immediately Following Meeting (Capitol Room B)

Attire – Business Casual
*Conference calling will **not** be provided for this meeting.*

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ANTITRUST GUIDELINES

- The following guidelines will be reviewed by James Cargas at the meeting. The meeting will be monitored, transcribed, and minutes will the taken. The guidelines are as follows:

Antitrust guidelines direct meeting participants to avoid discussion of topics or behavior that would result in anticompetitive behavior including: restraint of trade and conspiracies to monopolize, unfair or deceptive business acts or practices, price discriminations, division of markets, allocation of production, imposition of boycotts, and exclusive dealing arrangements.

Any views, opinions or positions presented or discussed by meeting participants are the views of the individual meeting participants and their organizations. Any such views, opinions or positions are not the views, positions or opinions of NAESB, the NAESB Board of Directors, or any NAESB Committee or Subcommittee, unless specifically noted otherwise.

As it is not the purpose of the meeting to discuss any antitrust topics, if anyone believes we are straying into improper areas, please let us know and we will redirect the conversation.

NORTH AMERICAN ENERGY STANDARDS BOARD
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2006 Advisory Council

Bruce Ellsworth	Chairman, NAESB Advisory Council & Former Commissioner, N.H. Public Utilities Commission & Former Chairman, NARUC
Charles Acquard	Executive Director, NASUCA
Vickey Bailey	Partner, Johnston and Associates
Diane Barney	New York State Department of Public Service
Denise Bode	Chairman, Oklahoma Corporation Commission
John Bulger	Member, National Energy Board
Laura Chappelle	Commissioner, Michigan Public Service Commission
Steve Chesebro'	Chairman, Harvest Natural Resources & Founding and First Chairman, Gas Industry Standards Board and North American Energy Stds. Board
Alex DeBoissiere	Vice President, Government Regulations, Midwest ISO
David Eichenlaub	Virginia Corporation Commission
Christopher Freitas	Program Manager, U.S. Department of Energy
Robert Gee	President, The Gee Strategies Group, & former Assistant Secretary, U.S. Dept. of Energy, & former Chair, Public Utility Commission of Texas
Charles Gray	Executive Director, NARUC
Craig Goodman	Executive Director, NEM
Sheila Hollis	Partner, Duane, Morris & Heckscher
W. Robert Keating	Commissioner, Massachusetts Department of Public Utilities
James Kerr, II	Commissioner, North Carolina Utilities Commission
Rebecca Klein	Former Chair, Texas Public Utility Commission
Jerry Langdon	Executive V.P. and Chief Administrative Officer, Reliant Resources & Former FERC Commissioner
Ruth Kretschmer	Vice President of Policy and Business Development, GEV Corporation, & former Commissioner, Illinois Commerce Commission
Don Mason	Commissioner, Ohio Public Utilities Commission
Charles Matthews	Former Commissioner, Texas Railroad Commission
John McCarthy	Acting Chief Operating Officer, National Energy Board
Raul Monteforte	Comisionado, Comision Reguladora de Energia
Dave Nevius	Vice President, NERC
Thom Pearce	Ohio Public Utilities Commission
Bob Rowe	Former Chairman, Montana Public Service Commission
Howard Shafferman	Partner, Ballard Spahr Andrews and Ingersoll
Veronica Smith	Executive Director, Pennsylvania Public Utility Commission
Lou Ann Westerfield	Idaho Public Utility Commission

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TAB 2

Coordination with Government Agencies

This section includes:

- Summary of 2005 FERC Filings and Schedule of Proposed 2006 FERC Filings

This section tracks with agenda item 2.

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FERC Filings in 2005

- **January 18, 2005:** NAESB Submission of WEQ Standards to FERC under Docket No. RM05-5-000. On January 18, 2005 NAESB provided a Report regarding NAESB's activities undertaken by the NAESB Wholesale Electric Quadrant ("WEQ") Executive Committee. (http://www.naesb.org/doc_view2.asp?doc=ferc011805_report.pdf).
- **March 18, 2005:** NAESB Report to the FERC Regarding the Permanent Numbers Assigned to the NAESB WGQ Standards to Implement Gas Quality Reporting Requirements Under Docket Nos. RM96-1 et al and RM98-10 et al. On March 18, 2005, NAESB provided a Report regarding the permanent numbers assigned to the NAESB Wholesale Gas Quadrant ("WGQ") standards to implement gas quality reporting requirements, previously provided to the Commission on November 1, 2004. (http://www.naesb.org/doc_view2.asp?doc=ferc031805.pdf).
- **April 12, 2005:** NAESB WGQ Version 1.7 Errata Submission to FERC Under Docket Nos. RM96-1 et al and RM98-10 et al. On April 12, 2005, NAESB provided a Report regarding errata to Version 1.7 of the NAESB Wholesale Gas Quadrant ("WGQ") Standards, previously provided to the Commission on April 13, 2004. (http://www.naesb.org/doc_view2.asp?doc=ferc041205.pdf).
- **April 18, 2005:** NAESB Supplemental Report to the January 18, 2005 WEQ Standards to FERC Under Docket No. RM05-5-000 correcting corrects a typographical error in the original report and providing additional detail on the modifications made to the business practices that address Open Access Same-Time Information Systems ("OASIS") and OASIS Standards & Communications Protocol ("S&CP") and Data Dictionary. (http://www.naesb.org/doc_view2.asp?doc=ferc041805.pdf).
- **April 22, 2005:** NAESB Report to the FERC Regarding NAESB WGQ Standards in Response to Paragraph 10 of the Commission's Notice of Proposed Rulemaking and Termination Order in Docket Nos. RM96-1-026 and RM96-1-015. On April 22, 2005, NAESB provided a Report regarding NAESB Wholesale Gas Quadrant ("WGQ") standards in response to paragraph 10 of the Commission's Notice of Proposed Rulemaking and Termination Order in Docket Nos. RM96-1-026 and RM96-1-015. (http://www.naesb.org/doc_view2.asp?doc=ferc042205.pdf).
- **May 4, 2005:** NAESB Notification to the FERC of Ratification Results for the WGQ Standards in Response to Paragraph 10 of the Commission's Notice of Proposed Rulemaking and Termination Order in Docket Nos. RM96-1-026 and RM96-1-015. On May 4, 2005, NAESB provided FERC with notification of the ratification results for the Wholesale Gas Quadrant ("WGQ") modified standard that responds to paragraph 10 of the Commission's Notice of Proposed Rulemaking and Termination Order in Docket Nos. RM96-1-026 and RM96-1-015 that was filed on April 22, 2005. (http://www.naesb.org/doc_view2.asp?doc=ferc050405.pdf)
- **June 27, 2005:** NAESB Report on the Efforts of the NAESB Gas-Electric Interdependency Committee and the Business Practices on Pipeline-Gas-Fired Generation Facility under Docket No. RM05-28-000. On June 27, 2005 NAESB provided a Report regarding NAESB's activities undertaken by the Gas-Electric Interdependency Committee (GEIC) and the business practices drafted by the Wholesale Electric Quadrant and Wholesale Gas Quadrant related to Request No. R04021. (http://www.naesb.org/doc_view2.asp?doc=ferc062705_cover_report.pdf)
- **July 1, 2005:** NAESB Comments on Docket No. RM05-5-000 "Standards for Business Practices and Communication Protocols for Public Utilities." On July 1, 2005, NAESB submitted comments for the Notice of Proposed Rulemaking Docket No. RM05-5-000 "Standards for Business Practices and Communication Protocols for Public Utilities." The

comments were specific to questions asked of NAESB in the NOPR. The NOPR directed three comments to NAESB: "…it would be useful if the WEQ would adopt standards comparable to those NAESB adopted regarding standards of conduct on the gas side" (¶47); "OASIS Business Practice Standard 9.7 (addressing redirects) – appears to conflict with Commission policy and NAESB has not explained the benefits of such a change" (¶31); "We are also concerned about some vague language in Standard 10.6, which states that "for the purposes of curtailment and other capacity reductions, confirmed Redirects on a Non-Firm basis shall be treated comparably to all other types of Non-Firm Secondary Point-to-Point Service. The phrase "all other types" is not defined. We interpret this phrase to apply only to services that are comparable to non-firm point-to-point service, and propose to accept the standard based on this interpretation" (¶32). (http://www.naesb.org/doc_view2.asp?doc=ferc070105.pdf)

- **July 15, 2005:** NAESB Report to FERC Regarding Errata to Version 1.7 NAESB WGQ Standards, RM96-1 et al and RM98-10 et al. NAESB WGQ Version 1.7 standards were ratified by NAESB membership and published on December 31, 2003. NAESB submitted errata for NAESB WGQ Version 1.7 to the Commission on April 12, 2005. While processing the errata, the WGQ Information Requirements (IR) and Technical Subcommittees identified the need for possible additional minor corrections. After further review, the WGQ IR and Technical Subcommittees proposed additional errata for NAESB WGQ Version 1.7. The additional errata correct the Code Values Dictionaries in NAESB WGQ Version 1.7 Standard 1.4.2 – Nomination Quick Response and NAESB WGQ Version 1.7 Standard 1.4.7 – Confirmation Response Quick Response. The additional errata were first brought to NAESB's attention at the May 12, 2005 Executive Committee meeting. The Executive Committee voted unanimously to adopt the errata via notational ballot on June 22, 2005. The member comment period ended on July 12, 2005 and no adverse comments were received. The errata were applied to the NAESB WGQ Version 1.7 standards on August 12, 2005. This report was submitted to the Commission on July 15, 2005. (http://www.naesb.org/doc_view2.asp?doc=ferc071505.pdf)

- **July 20, 2005**: Analysis of ANOPR RM00-10-000 Against NAESB OASIS Activities and Planned Activities. On July 20, 2005, NAESB authored a letter to Chairman Kelliher to report how NAESB is addressing items specific to the ANOPR including incremental changes noted by the industry at the March 2005 Future of OASIS Conference. It includes a discussion of the NAESB WEQ 2005 RM05-5-000 filing and current requests for standards development that address improvements to OASIS. The discussion is followed by a summary of the Future of OASIS Conference and the state of the industry, as well as a description of draft requests for NAESB standards that are under development to implement the incremental changes. (http://www.naesb.org/doc_view2.asp?doc=ferc072005.pdf)

- **November 16, 2005:** Report for NAESB Wholesale Electric Business Practices, Docket No. RM05-5-000, Renumbering of Standards. On November 16, 2005, NAESB submitted a report to the FERC regarding NAESB's activities undertaken to renumber wholesale electric quadrant business practice standards for ease of reference and to ensure the uniqueness of the number. The text of the standards and the order in which they are presented has not changed. This effort was undertaken at the request of FERC staff, and applies to all wholesale electric business practices standards: namely, the standards submitted in the January 18, 2005 "Report for NAESB Wholesale Electric Business Practices", Docket No. RM05-5-0001; and further noted in the April 18, 2005 "Supplemental Report for NAESB Wholesale Electric Business Practices", Docket No. RM05-5-000; and the July 1, 2005 "NAESB Comments on Docket No. RM05-5-000 'Standards for Business Practices and Communication Protocols for Public Utilities.'" The FERC also proposed to amend its regulations to incorporate by reference certain of these standards in the May 9, 2005 FERC Notice of Proposed Rulemaking Docket No. RM05-5-000. (http://www.naesb.org/doc_view2.asp?doc=ferc111605.pdf)

- **December 12, 2005:** Ms. McQuade was asked by FERC to participate on a panel for the second technical conference on the formation of the Electric Reliability Organization. Ms. McQuade asked Mr. Desselle to provide the NAESB comments, (http://www.naesb.org/member_login_form.asp?doc=ferc_comments120905_desselle.doc).
- **December 22, 2005:** Comments of the North American Energy Standards Board on the Second Technical Conference for Docket No. RM05-30-000, "Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards". On December 22, 2005, NAESB submitted comments to the FERC on the Second Technical Conference for Docket No. RM05-30-000 regarding the coordination process between NERC and NAESB, and the transition plan as an ERO is created. (http://www.naesb.org/doc_view2.asp?doc=ferc122205.pdf)

FERC Filing Proposed Schedule for 2006

- If the items are related (same docket no.) they may be combined into one filing. For the changes to the standards of conduct (WEQ) reflected in NAESB comments prepared on July 1 (RM05-5-000), NAESB is in the process of determining how best to approach the needed changes to support the request by FERC on standards of conduct. Once the approach is determined, NAESB will make the needed changes or inclusions to this schedule. As NAESB continues to develop standards that support the status report to Chairman Kelliher (dated July 20, 2005), those updates will be provided to the FERC.

Planned FERC Filings by 1st Quarter 2006:

(1) WEQ: Version 0 split of transmission loading relief (RM05-5-000)

(2) WEQ: Inadvertent Interchange Payback report and comments (RM05-5-000)

(3) WGQ: Gas Quality Part 2 – Part B of the request R03035, reporting of assumptions and calculations used in measurement of gas quality specifications (RM96 et al)

(4) WEQ and WGQ: Follow up report from the Gas-Electric Interdependency Committee (RM05-28-000)

Planned FERC Filings by 2nd Quarter 2006:

(5) WEQ: Several enhancements to OASIS including redirect modifications, resales and transfers, and changes to 10.6 (clarification of "all other types" – see our July 1 comments on RM05-5-000)

(6) WEQ: Release mechanisms on the S&CP (RM05-5-000)

(7) WGQ: Version 1.8 WGQ standards (publish date in July 31, 2006) (RM96 et al)

(8) WEQ: Possible Version 1 changes to the standards including Coordinate Interchange Business Practices, TLR and LTATF efforts (RM05-5-000). Item 8 may be done earlier or later than 2nd quarter 2006, depending on the progress of the WEQ EC.

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TAB 3

Coordination with Other Standards Organizations and Energy Groups

This section includes:

- NARUC
  - Schedule of Monthly Update Calls for 2006
- NERC
  - Testimony of Michael D. Desselle on behalf of NAESB at the Dec. 9, 2005 FERC Technical Conference in Docket No. RM05-30-000
  - Draft NAESB/NERC Coordination Process for Joint Development
- Energy Bar Association
  - Abstract of Article to be Published in Energy Law Journal, April 2006

This section tracks with agenda item 3.

2006 Monthly Update Conference Calls

The purpose of these one hour updates is to provide a high level overview of the NAESB activities and plans. The calls should complete within one hour and will provide attendees with a general understanding of the organization's current activities and plans, with guidance on how to obtain additional detailed information if needed. We look forward to you or your staff attending the call. Work papers can be downloaded from the NAESB web site for this meeting and will be posted one week prior to the call. (http://www.naesb.org/monthly_update.asp).

The calls are generally held every month on the third Wednesday from 1:00pm to 2:00pm Central (2:00pm to 3:00pm Eastern). The schedule for 2006 is as follows:

- Wednesday, **March 15, 2006**, 1:00pm to 2:00pm Central
- Wednesday, **May 17, 2006**, 1:00pm to 2:00pm Central
- Wednesday, **July 19, 2006**, 1:00pm to 2:00pm Central
- Wednesday, **September 13, 2006**, 1:00pm to 2:00pm Central
- Wednesday, **December 6, 2006**, 1:00pm to 2:00pm Central

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Rules Concerning Certification of the Electric Reliability Organization; and Procedures for The Establishment, Approval, and Enforcement of Electric Reliability Standards

Docket No. RM05-30-000

TECHNICAL WORKSHOP
December 9, 2005

TESTIMONY OF MICHAEL D. DESSELLE
ON BEHALF OF
THE NORTH AMERICAN ENERGY STANDARDS BOARD

Good morning. I am Michael D. Desselle, Vice-Chairman for the Wholesale Electric Quadrant of the North American Energy Standards Board, and Director – Public Policy of American Electric Power. I am appearing today on behalf of NAESB. NAESB appreciates the opportunity to address the Commission on implementation of the reliability provisions of the Energy Policy Act of 2005 (EPAct). We commend the Commission and the staff on convening this conference. We believe it is very important to discuss the technical and transition issues surrounding Electric Reliability Organization (ERO) implementation, especially those involving the interplay between the ERO and NAESB. It is particularly important that the Commission is holding this conference at this time so that it can consider today's discussion before finalizing its reliability rule.

NAESB supports a strong ERO. Among other things, a strong ERO will provide a comprehensive international reliability program with full participation by all users, owners and operators that is integrated with commercial and business practice aspects. NAESB is the primary industry forum for the development and promotion of business practice and electronic communication standards in the North American wholesale and

retail natural gas and electricity markets. We have had a collaborative partnership with NERC for the last three years to develop and maintain standards that enhance energy markets and maintain reliability throughout North America. Additionally, NAESB has a partnership with the ISO/RTO Council whose responsibilities include operating transmission systems and administering markets consistent with the standards developed by NERC and NAESB. Most electric industry standards have both commercial and reliability implications that range from a continuum of predominantly reliability in nature to predominantly commercial in nature. In addition to finalizing your ERO rule to establish a strong ERO as soon as practicable, we believe the Commission needs to ensure that a smooth transition occurs that avoids any gaps in reliability standards developed by the ERO and/or Regional Entities and the companion commercial business practices developed by NAESB. Such coordination is crucial to ensure that appropriate commercial business practices are developed that support reliability standards and that the Commercial business practices NAESB develops support reliability.

NAESB Background

NAESB is an American National Standards Institute (ANSI) accredited Standards Development Organization (SDO). For the last 11 years, NAESB, formerly GISB, has developed business practices and communication protocols for the Wholesale gas and electric industry. That process is open and any interested party can participate and contribute to the standards development regardless of membership in NAESB. It is important to note that to date the NERC organization has been a key contributor in NAESB. The other hallmark ANSI accreditation tenets of NAESB's process are the consensus body is balanced and not dominated by any single interest category or

organization. Due process is afforded and adoption of standards requires more than a majority but not necessarily unanimity. Finally, NAESB's standards are voluntary and not binding unless adopted by a governmental entity as part of a code or set of regulations.

It has been NAESB's long-standing practice that when standards, reports or other products are complete, we forward those items, including all comments, minutes, workings papers, transcripts and detailed voting records to provide a record for the Commission's consideration. The Commission has used that record in its NOPR process to provide Orders incorporating by reference such standards in tariffs that jurisdictional entities are required to comply with. In fact, NAESB has two dockets open before the Commission dealing with wholesale electric business practice standards (RM05-5-000 and RM05-28-000). On occasion the Commission has remanded standards back to NAESB for further refinement. In those instances, the Executive Committee and subcommittees of NAESB have taken the Commission's direction and reworked the standards to comply and resubmit for approval. Where consensus was not achieved to comply with the Commission's direction, the Commission has through its communications to NAESB and to the industry, made appropriate determinations. Examples include imbalance netting and trading, intraday gas nomination timelines, gas creditworthiness provisions, and most recently in the Docket No.RM05-5-000 NOPR, standards of conduct as they apply to the wholesale electric market. NAESB has also been responsive to this Commission's, as well as other regulatory bodies or government agencies, requests for development of standards including those of an expedited nature.

NAESB's standards are flexible enough for entities to meet or exceed the requirements. In fact it can be argued that NAESB's standards do incorporate best practices because the underlying goal is to better facilitate markets. As evidence, we support a body of 600 business practice standards created by the industry and in use in the wholesale gas market since 1997, most of which have been incorporated by reference into federal regulations. Because our efforts span both wholesale and retail gas and electric industries, we also work with other regulatory bodies, industry organizations and government agencies including the DOE and its national labs, NARUC, the National Energy Board, and Comision Reguladora de Energie in establishing standards. We have also on occasion worked with the European Union in exchanging work products.

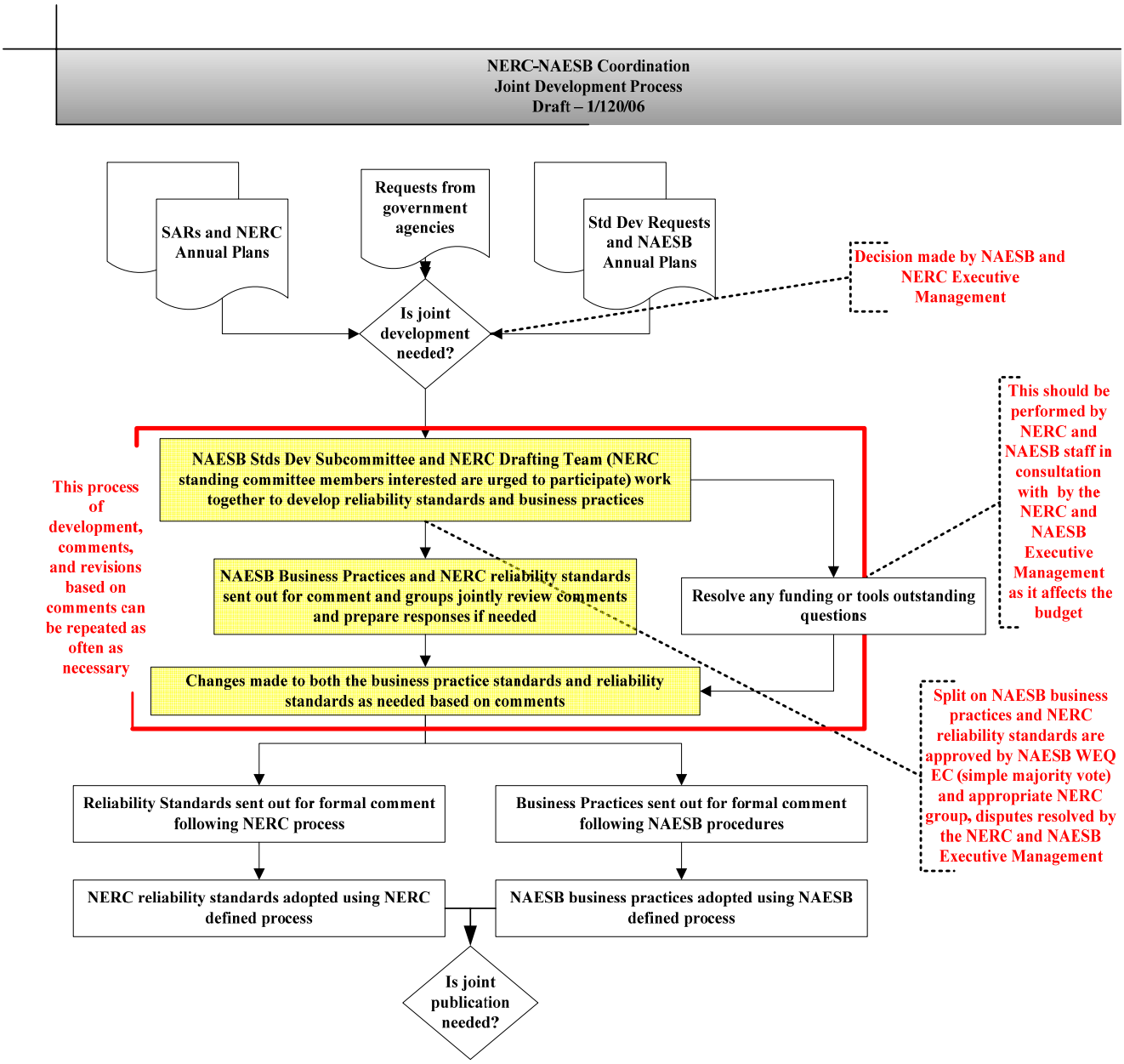
I mentioned that we have collaborated for three years with NERC, and until recently determinations by the coordinating body of which organization should develop individual standards has been fairly straightforward. As noted earlier, most electric industry standards have both commercial and reliability implications. It is becoming increasingly difficult to draw easy distinctions between the commercial and reliability components of requested standards. Recent examples include TLR practices and ATC/TTC calculations. As organizations, NERC and NAESB are committed to the premise that reliability is the domain of NERC (and subsequently the ERO) and that commercial business practices are the domain of NAESB. In these instances, NAESB and NERC have developed joint efforts to segregate these components into separate standards recognizing that close coordination must occur to maintain effectiveness and enhance both reliability and the economics of the marketplace. Even though some groups have recently been challenging that even if a standard is peripherally related to reliability,

that NERC should only develop such standards regardless of the commercial implications, NERC and NAESB leadership have gone on record that they are committed to the successful outcome of these joint efforts. Moreover, the two organizations are reviewing coordination mechanisms to ensure that the two organizations stay in lock step as these reliability standards and business practices are developed. The Commission will need to be vigilant as well to ensure that gaps between commercial business practices and reliability standards are not created and occasion may be asked to provide its guidance on such matters.

Transition Plan

As the Commission approves the Version 0 reliability standards as a transition, we would urge the commission to also consider the Version 0 business practices included in Docket RM05-5-000 and submitted by NAESB in January of this year, to avoid "gaps" between reliability and associated business practices.

Finally, regional standards and the processes the regions may use to develop their standards will depend in part on Commission rulings on ERO standards and ERO standard-setting processes. The Commission needs to assure that the regional entity standards processes do not create any gaps in the development of complementary commercial business practices developed by NAESB.



Issues to be resolved before joint publication can take place:

- **Has a revenue neutral solution been reached? (Addressed by NERC and NAESB executive levels)**
- **Has numbering been set to ensure unique identification of each requirement and sub-requirement? (Work with FERC staff)**
- **Has each item been clearly identified as either a business practice or a reliability standard? (This should be addressed through joint development process (shown in yellow))**

Based on the standards that were adopted, the NERC and NAESB staff prepare joint document with clear identification of parts that are reliability standards and parts that are business practices. The standards are numbered so that each part can be uniquely referenced.

The document is forwarded to FERC under NAESB procedures, clearly identifying those parts that are business practices.
Similarly, the document is forwarded to FERC based on the ERO procedures, again clearly identifying those parts that are reliability standards,

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"North American Energy Standards Board: Legal and Administrative Underpinnings of a Consensus Based Organization"

By William P. Boswell and James P. Cargas

Publication forthcoming in Volume 25 of the *Energy Law Journal* (April 2006)

ABSTRACT

The Gas Industry Standards Board (GISB), formed by the wholesale natural gas industry in 1992, expanded its charter to include the voluntary development of consensus-based business practice standards for the wholesale electric industry as well as the retail natural gas and electric industries. The new organization, called the North American Energy Standards Board (NAESB), was formed in 2002 based on many of the same successful principles developed and refined by GISB. Although the standards developed by NAESB are intended to be voluntary, the regulatory community, most notably the U.S. Federal Energy Regulatory Commission (FERC), has adopted them by reference into their regulatory framework thereby making the standards mandatory for the entities under their jurisdiction.

The article by William P. Boswell, NAESB General Counsel, and James P. Cargas, NAESB Deputy Director, examines the long history under United States law of regulators relying upon authoritative industry standards to discharge their regulatory responsibilities. The article begins with a review of the history behind the formation and structure of GISB and its evolution into NAESB. It describes the formation of four equal quadrants in NAESB, its coordination with the North American Electric Reliability Council (NERC) and the ISO-RTO Council, and describes the organization's consensus-based procedures and public-private partnerships.

Unlike previous articles published in the *Energy Law Journal*, however, this article concludes that regulatory agencies in general, and FERC in particular, have not delegated authority to NAESB. Rather, the article concludes that regulatory agencies have chosen to incorporate by reference copyrighted industry developed standards into their regulatory framework. At the federal level, this approach is mandated by the National Technology Transfer and Advancement Act (NTTAA) and the executive pronouncements in Office of Management and Budget (OMB) Circular A-119. Incorporation by reference permits a regulatory agency to benefit from expertise in the private sector, reduce the cost of developing government standards, and promote the efficient and economic competition through harmonization of standards. Most regulatory agencies would be hard pressed to develop their own technical standards that can better implement their policies, that will have a greater degree of consensus, or that will be more widely accepted by industry.

The article presents a thorough examination of the statutory and regulatory underpinnings that permit a regulatory agency to incorporate by reference, including incorporation by reference through the following procedural mechanisms: (1) adjudicatory case-by-case determinations, (2) generic policy statements, and (3) formal rulemaking proceedings resulting in codified regulations. The article discusses the benefits and limitations of each mechanism.

The authors conclude that incorporation by reference works best where the organization setting industry standards, like NAESB, is representative of the many segments in the industry and the standards are the product of an open consensus-based process. The resulting public-private partnership contributes to NAESB's successful track record of reducing transaction costs through consensus standards – whether or not an entity adopts them voluntarily or has compliance mandated by a regulatory agency.

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TAB 4

Update on Quadrant Activities

This section includes:

- Summary of Key Accomplishments in 2005, including key publications, completions, requests for standards, and standards adopted.
- Wholesale Electric Quadrant (WEQ) 2006 Annual Plan
- Joint Retail Electric Quadrant (REQ) & Retail Gas Quadrant (RGQ) 2006 Annual Plan
- Wholesale Gas Quadrant (WGQ) 2006 Annual Plan

This section tracks with agenda item 4.

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Summary of Key NAESB Accomplishments in 2005

Key Publications in 2005:

- September 27, 2005: Retail standards published, posted on the NAESB web site, and announcements of availability were sent to NAESB members, NAESB Advisory Council, NARUC, industry trade associations, and government agencies.

Key Completions in 2005:

- January 18, 2005: RM05-5-000, WEQ standards including version 0 complementary business practices to NERC reliability standards, standard of conduct, and OASIS business practices completed and forwarded to the FERC. The FERC issued a NOPR on May 9, with comments due by July 1, 2005. No final order has been issued yet.
- May 9, 2005: FERC issued a final order in RM96-12-026, adopting version 1.7 of the NAESB WGQ standards including the gas quality standards, for implementation in September 2005.
- June 27, 2005: RM05-28-000, Gas-electric interdependency report and business practice standards for pipeline-power plant communications. The FERC has not issued a NOPR at this time.
- July 1, 2005: NAESB Comments on RM05-5-000 – changes requested by the FERC in the NOPR.
- July 15, 2005: NAESB Report on the ANOPR RM00-10-000 against NAESB OASIS Activities and Planned Activities.
- November 29, 2005: The WEQ EC adopted the Inadvertent Interchange Payback Report, which will be presented to the FERC in 1st Q 2006.
- December 9, 2005: Comments of NAESB on the second technical conference of the formation of the ERO, Docket No. RM05-30-000.
- December 13, 2005: Redesign of the NAESB Certification Program was prepared and approved by the Board of Directors. It will go into effect in January 2006.
- December 13, 2005: D-U-N-S® Analysis Report and Recommended Actions prepared and approved by the Board of Directors. The WEQ will pursue alternatives to the D&B solutions.
- December 13, 2005: Retail Structure Review Report and Recommended Actions prepared and approved by the Board of Directors. No actions were taken to alter the structure at this time.
- December 19, 2005: The WEQ EC adopted the TLR split of standards for version 0. The ratification will be postponed until first quarter 2006 to permit the WEQ Board members to ensure that adequate coordination for TLR exists between NERC and NAESB.
- December 22, 2005: NAESB comments on RM05-30-000 – formation of the Electric Reliability Organization.

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FEBRUARY 11, 2006

Requests for Standards Received in 2005

For the Retail Quadrants:

- R05008 - Received April 10, 2005, Submitted by Dominion Virginia Power, Enhancements and/or additions to the RXQ Billing and Payment MBPs, Assigned to Retail Business Practices Subcommittee.
- R05013 - Received May 6, 2005, Submitted by EnergyWindow, Inc, Develop a model electric retail contract, Assigned to Retail Contracts Subcommittee.
- R05016 - Received June 17, 2005, Submitted by Wal-Mart Stores, Inc., Standards or model business practices for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities, Assigned to Retail Business Practices Subcommittee.

For the Wholesale Gas Quadrant:

- R05003 - Received March 8, 2005, Submitted by Florida Gas Transmission Company, Amend WGQ standard 3.4.1 to add new code value for special fuel surcharges, Assigned to WGQ Information Requirements Subcommittee.
- R05005 - Received March 23, 2005, Submitted by Northern Natural Gas, Add new transaction type codes to the Nomination 1.4.1, Shipper Scheduled Quantity 1.4.5, and Transportation Sales Invoice 3.4.1 datasets, Assigned to WGQ Information Requirements Subcommittee.
- R05006 - Received March 23, 2005, Submitted by Northern Natural Gas, Add code value to Validation Code and Message elements in Nomination Quick Response dataset, Assigned to WGQ Information Requirements Subcommittee.
- R05010 - Received April 26, 2005, Submitted by Northern Natural Gas, Add code values to Validation Code and Message elements in Nomination Quick Response dataset, Assigned to WGQ Information Requirements Subcommittee.
- R05011 - Received April 26, 2005, Submitted by Northern Natural Gas, Add new Adjustment Type Code Value to 2.4.3 Allocation and 2.4.4 Shipper Imbalance datasets, Assigned to WGQ Information Requirements Subcommittee.
- R05012 - Received May 3, 2005, Submitted by Northern Natural Gas, Add Reduction Reason code to Scheduled Quantity, Operator Scheduled Quantity and Confirmation Response, Assigned to WGQ Information Requirements Subcommittee.
- R05014 - Received May 10, 2005, Submitted by EnCana Gas Marketing and NAESB WGQ Contracts Subcommittee, Review the current NAESB WGQ's "Base Contract for Purchase and Sale of Natural Gas" for possible update and revisions to reflect current industry practices and applicable general terms and conditions, Assigned to WGQ Contracts Subcommittee.
- R05015 - Received June 15, 2005, Submitted by National Fuel Gas Distribution Corporation, Add language to the NAESB WGQ Implementation Guide(s) discussing the use of discretionary verbs, Assigned to WGQ Executive Committee.
- R05017 - Received June 1, 2005, Submitted by El Paso Eastern Pipelines, Delete or change the usage of the data element Rate Form/Type Code from datasets 5.4.20, 5.4.21 and 5.4.22. Assigned to WGQ Business Practices Subcommittee.

- R05021 - Received June 1, 2005, Submitted by El Paso Eastern Pipelines, Modify existing and/or develop additional standard(s) for displaying Entity codes when D-U-N-S Numbers do not exist, Assigned to WGQ Business Practices Subcommittee.
- R05022, Received June 1, 2005, Submitted by El Paso Eastern Pipelines, Standard to limit the use of special characters in a Package ID, Assigned to WGQ Business Practices Subcommittee.
- R05023 - Received September 1, 2005, Submitted by Northern Natural Gas, Add new Adjustment Type Code Value to 2.4.4 Shipper Imbalance dataset, Assigned to WGQ Information Requirements Subcommittee.
- R05024 - Received September 1, 2005, Submitted by Northern Natural Gas, Add code values to Charge Type element in Transportation/Sales Invoice dataset, Assigned to WGQ Information Requirements Subcommittee.
- R05025 - Received October 12, 2005, Submitted by Northern Natural Gas, Add new Adjustment Type Code Value to 2.4.4 Shipper Imbalance dataset, the WGQ Information Requirements Subcommittee.
- R05027 – Received October 28, 2005, Submitted by El Paso Natural Gas Company, Add two new Allocation Transaction Type codes to improve the reporting of Pathed Non-Threaded levels of detail in the Allocation Statement. Assigned to the WGQ Business Practices Subcommittee.
- R05028 – Received November 1, 2005, Submitted by Kinder Morgan, Inc., Add two new data elements to the Nomination and Scheduled Quantity data sets that 1) permit the service requestor to identify a specified path for the nominated transaction, and 2) provide shippers the ability to identify the specific month of an imbalance they may want to clear. Assigned to the WGQ Information Requirements Subcommittee.
- R05029 – Received December 1, 2005, Submitted by Northern Natural Gas, Add new Adjustment Type Code Value to 2.4.3 Allocation and 2.4.4 Shipper Imbalance datasets. Has not been triaged.
- R05030 – Received November 16, 2005, Submitted by El Paso Natural Gas Company, Modify specified transaction sets to allow for variable monthly release quantities, variable monthly bid quantities and variable monthly award quantities, subject to variable monthly minimum offer quantities. Assigned to the WGQ Business Practices Subcommittee.
- R06001 – Received November 1, 2005, Submitted by Kinder Morgan Add two Nomination Transaction Type codes to support the nomination and tracking of the shipping entity or producing entity on the interconnecting facility where title tracking is employed by the TSP. Assigned to the WGQ Information Requirements Subcommittee.

For the Wholesale Electric Quadrant:

- R05001 - Received January 2, 2005, Submitted by NAESB Members of the ESS/ITS, Amend WEQ R03013 to align coordinate interchange transactions with Version 0, Assigned to WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee.
- R05002 - Received January 13, 2005, Submitted by NAESB WEQ Information Technology Subcommittee, Amend sections 9.5 and 10.5 of OASIS 1A redirect standards, Assigned to WEQ Electronic Scheduling Subcommittee.

- R05004 - Received March 22, 2005, Submitted by NERC Long Term ATC/AFC Task Force, Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM, Assigned to WEQ Electronic Scheduling Subcommittee.
- R05007 - Received April 8, 2005, Submitted by Electric Reliability Council of Texas (ERCOT), Review the NAESB WEQ "Version 0" business practice standards and remove any references to ERCOT, Assigned to WEQ Business Practices Subcommittee.
- R05009 - Received April 22, 2005, Submitted by NAESB office, Modify the NAESB Version 0 TLR business practices to remain consistent with the NERC Version 0 TLR reliability standards, Assigned to WEQ Business Practices Subcommittee.
- R05018 - Received June 24, 2005, Submitted by the NERC/NAESB Joint Interchange Scheduling Work Group, Revise the e-Tag specification to allow PSEs associated with a transmission segment in the tag optional approval rights, Assigned to WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee.
- R05019 - Received June 24, 2005, Submitted by the NERC/NAESB Joint Interchange Scheduling Work Group, Modify OASIS standards and S&CP to clearly document the procedures used to implement the displacement/interruption terms of the Pro Forma tariff, Assigned to WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee.
- R05020 - Received June 6, 2005, Submitted by NERC, Include a guideline for rounding schedules with partial mWh's in the coordinate interchange business practice WEQBPS-002-000, Assigned to WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee.
- R05026 - Received October 11, 2005, Submitted by Calpine, Thirteen proposed enhancements to incrementally improve OASIS. Assigned to WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee.

North American Energy Standards Board
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Standards Adopted in 2005

For the Wholesale Gas Quadrant:

- Recommendation R98018: Reduction Reason Codes to Scheduled Quantity by Contract & Scheduled Quantity for Operator. (Ratified 3/17/05).
- Recommendation R98040/R98050/01018: Modify Flowing Gas Implementation Guide to include Storage Balance Reporting Dataset, Add Datasets Storage & Park/Loan Balance to Upload of Requirements for Download (And Response Datasets), and Add Transaction Type Data Element Code Values. (Ratified 3/17/05).
- Recommendation R99037: Confirmation Level Data Element to Request for Confirmation, Confirmation Response, and Scheduled Quantity for Operators. (Ratified 3/17/05).
- WGQ Annual Plan Item 8: FERC Order 2004 (affiliate Order). (Ratified 5/3/05).
- Recommendation R04017: Trading Partner Agreement for Retail Use as Modified by the REQ EC, RGQ EC, and WGQ EC on March 4, 2005. (Ratified 5/13/05 in WGQ).
- WGQ Annual Plan Item 7, RGQ Annual Plan Item 12, REQ Annual Plan Item 14: Adoption of the common NAESB Electronic Transport (ET). (Ratified 7/1/05 in WGQ).
- WGQ 2005 Annual Plan Item 3: Adoption of the WGQ Quadrant EDM Manual as a replacement for the NAESB WGQ Electronic Delivery Mechanism (EDM) Manual. (Ratified 7/1/05).
- Recommendation R02006: Add validation code warning value "Higher rate may result" to NAESB WGQ Std. No. 1.4.2 – Nomination Quick Response (Ratified 7/1/05).
- Recommendations R03004/R01013: Add code value "Exceeded Family of Contracts MDQ" for the data element Reduction Reason in NAESB WGQ Std. No. 1.4.5 – Scheduled Quantity. (Ratified 7/1/05).
- Recommendation R97110: Modify the definition of data elements 'Posting Date' and 'Posting Time' in Offer Download, Bid Download, and Award Download. Delete data elements 'Withdrawal Posting Date' and 'Withdrawal Posting Time' from Withdrawal Download. Add data elements 'Posting Date' and 'Posting 'Time' to Withdrawal Download. Modify Withdrawal Download TIBP. (Ratified 7/1/05).
- Recommendation R00004: Add a new data element 'Limit Type' to Pre-Determined Allocation. Add code values for new data element 'Limit Type' in Pre-Determined Allocation Code Values Dictionary. Add validation codes to Pre-Determined Allocation Quick Response. Add 'Limit Type' to the Flowing Gas Data Group. (Ratified 7/1/05).
- Recommendation R00005: Add a new data element "Swing Fuel Option Indicator" to Pre-Determined Allocation. Add code values for new data element 'Swing Fuel Option Indicator' to Pre-Determined Allocation Code Values Dictionary. Add validation codes to Pre-Determined Allocation Quick Response. Add 'Swing Fuel Option Indicator' to the Flowing Gas Data Group. (Ratified 7/1/05).
- Recommendation R01011: Add validation code to Pre-Determined Allocation Quick Response. (Ratified 7/1/05).

- Recommendation R00010: Add code value for the data element 'Rate Identification Code to data sets: Offer Download, Bid Download, Award Download, Offer Upload, Offer Upload Quick Response, Offer Upload Notification, Bid Upload, Bid Upload Quick Response. (Ratified 7/1/05).
- Recommendation R04021 and R04021-A: Definitions and standards for daily operational communications between pipelines and power plants and the technical implementation for the standards in R04021. (Ratified 8/15/05).
- Recommendations R99031 and R03008: Add data element "Cycle Indicator" to the Nomination, Request for Confirmation, Confirmation Response, Scheduled Quantity, and Scheduled Quantity for Operator data sets. Add five validation codes to Nomination Quick Response and Confirmation Response Quick Response. Add code value "Reduction Reason" to Confirmation Response. Add data element "Cycle Indicator" in Dates Data Group of NAESB WGQ Standards 1.3.54, 1.3.60, 1.3.61, and 1.3.63. (Ratified 10/10/05).
- Recommendation R01008: Add new code value "Meter Bounce – Overrun" for the data element "Transaction Type" in the Nomination, Scheduled Quantity, Pre-determined Allocation, Allocation, Shipper Imbalance, and Transportation/Sales Invoice data sets. (Ratified 10/10/05).
- Recommendation R03030: Add two new code values: "Imbalance Resolution – Firm" and "Imbalance Resolution – Interruptible" for the data element "Transaction Type" in the Nomination, Scheduled Quantity, and Transportation/Sales data sets. (Ratified 10/10/05).
- Recommendation R03022: Reinstate two code values: "Imbalance Transfer" and "Storage Inventory Transfer" for the data element "Transaction Type" in the Nomination, Scheduled Quantity, Pre-determined Allocation, and Allocation data sets. (Ratified 10/10/05).
- Recommendation R00024: Add four code values: "Storage Account Balance Overrun", "Storage Account Balance Underrun", "Storage Capacity Charge" and "Storage Unmet Monthly Minimum" for the data element "Charge Type" in NAESB WGQ Standard No. 3.4.1 – Transportation Sales/Invoice. (Ratified 10/10/05).
- Recommendation R01010: Add ten code values for the "Reduction Reason" data element in the "Scheduled Quantity" and "Scheduled Quantity for Operator" data sets. (Ratified 10/10/05).
- Recommendation R02010: Add one new code value: "Reduction due to balancing of path" for the data element "Reduction Reason" in the Confirmation Response, Scheduled Quantity, and Scheduled Quantity for Operator data sets. (Ratified 10/10/05).
- Recommendation R03019: Add one new code value: "Underperformance of Confirming Party at Receipt Location" for the "Reduction Reason" data element in the Confirmation Response, Scheduled Quantity, and Scheduled Quantity for Operator data sets. (Ratified 10/10/05).
- Recommendation R04030: Add a new data element to the Internet Electronic Transport (Internet ET) "refnum-orig". (Ratified 10/10/05).
- Clarification C03006: Add a clarification for certain disclosure under Section 14.10 under the NAESB WGQ "Base Contract for Purchase and Sale Natural Gas" (NAESB WGQ Standard 6.3.1). (Ratified 10/10/05).
- WGQ Annual Plan Item #4: Update the minimum technical characteristics in Appendix B "Minimum Technical Characteristics for the Developer and User of the Customer Activities Web Sites", Appendix C "Minimum Technical Characteristics and Guidelines for the Developer and

User of Informational Postings Web Sites, and Appendix D "Minimum Technical Characteristics for EDM Communications". (Ratified 10/10/05).

- Clarification C05002: Clarification to NAESB WGQ Standard 4.3.88 – add proposed WGQ Interpretation 7.3x regarding a clarification for usage of 128-bit Secure Socket layer encryption under NAESB WGQ Standard 4.3.88. (Adopted by the WGQ Executive Committee on 12/1/05 with ratification ballots due on 1/9/06.)

For the Retail Quadrants:

- Recommendation R04017: Trading Partner Agreement for Retail Use as Modified by the REQ EC, RGQ EC, and WGQ EC on March 4, 2005. (Ratified 5/13/05 in REQ and RGQ).
- RGQ Annual Plan Item 12, REQ Annual Plan Item 14, WGQ Annual Plan Item 7: Adoption of the common NAESB Electronic Transport (ET). (Ratified 8/30/05 in REQ and RGQ).
- Recommendation R04030: Add a new data element to the Internet Electronic Transport (Internet ET) "refnum-orig". (Ratified 9/26/05).
- Retail Gas Quadrant Annual Plan Item 6 and Retail Electric Quadrant Annual Plan Item 6: Establish the Quadrant specific EDM (QEDM) standards for REQ and RGQ. (Ratified 9/26/05).

For the Wholesale Electric Quadrant:

- Recommendation R04021: Definitions and standards for daily operational communications between pipelines and power plants. (Ratified 7/8/05).
- Recommendation R05009: Modify the NAESB Version 0 TLR business practices to remain consistent with the NERC Version 0 TLR reliability standards. (Ratified 10/10/05).
- 2003 WEQ Annual Plan Item 6-IIP: (IIPTF Final Report) Develop business practices standards for Inadvertent Interchange Payback. (Adopted by the WEQ EC on 11/29/05 – no ratification required.)
- Recommendation R04013A: Version 0 Business Practices Standards – Development of post-split "Version 0" Transmission Loading Relief Business Practice Standard. (Adoption pending notational ballot. Ratification held in abeyance until TLR implementation issues between NERC and NAESB, including ongoing development of both the commercial and reliability aspects of TLR have been clearly defined. This determination to be made by the NAESB WEQ Members of the Board of Directors.)
- Recommendation R04035/R05002: Clarify OASIS 1A nomenclature and amend WEQ standard 4.19/Amend sections 9.5 and 10.5 of OASIS 1A Redirect Standards. (Ratified 01/05/06.)
- Recommendation R04006D: OASIS 1A Enhancements – Sale or Assignment of Transmission Service. (WEQ EC voted back to Electronic Scheduling Subcommittee and Information Technology Subcommittee on 11/29/05 issues surrounding Redirect Standard 9.8.1.)
- Recommendation R04035: Version 0 Transmission Loading Relief. (WEQ EC voted on December 19 to approve the standards and hold ratification until the WEQ Board members are assured that appropriate levels of coordination for TLR standards development exist between NERC and NAESB).

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WEQ Annual Plan
Approved by the Board of Directors – 12-13-05

	Item Description	Completion[1]	Assignment[2]
1	**Develop business practices standards as needed to complement reliability standards**		
	Develop business practice standards to support and complement NERC reliability standards, NERC policies and NERC standards authorization requests (SARs). Current NAESB activities underway to develop business practice standards that are supportive of this annual plan item are:		
	a) Make version 1 changes to business practices as requested.	Ongoing	BPS
	i) Make changes to business practices as related to inclusion of functional model entities as NERC undertakes the same efforts	As requested	BPS
	ii) Review the NAESB WEQ "Version 0" business practice standards and remove any references to ERCOT (R05007)	1st Q, 2006	BPS
	b) Develop business practices to support Coordinate Interchange – update already adopted version 1 to reflect version 1 NERC CI (R03013, R05001, R05020)	3rd Q, 2006	BPS
	c) Develop business practice standards to support Operate Within Limits (R03017)	2006	BPS
	d) Develop business practices to support the reliability components of TLR		
	i) Version 0 Split of TLR business practices from reliability components	1st Q, 2006	BPS
	ii) Continuous support of TLR Procedure in alignment with NERC efforts including version 1 development	Ongoing	BPS
	f) Determine any needed NAESB action in support of the Interchange Distribution Calculator (IDC).	2006	BPS
	g) Develop jointly with NERC a Joint NERC/NAESB Operating training manual.	2006	BPS
2	**Develop business practice standards for Version 1 to support ATC calculations**		
	Develop version 1 business practice standards to better coordinate the use of the transmission system among neighboring transmission providers. Such business practice standards would be based on recommendations from NERC's Long Term ATC/AFC Task Force and would involve revised procedures for the ATC calculation and/or revised protocols for coordination between neighboring transmission providers and/or amendments to existing TLR procedures.	Pending	BPS
	Note: Awaiting revised clarified Request R05004 from NERC – to develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM.		
3	**Develop business practices standards to improve the current operation of the wholesale electric market and develop and maintain business practice and communication standards for OASIS and Electronic Scheduling**		
	a) Develop and/or maintain business practice standards as needed for OASIS and electronic scheduling. Specific items to		

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NORTH AMERICAN ENERGY STANDARDS BOARD
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		Item Description	Completion[1]	Assignment[2]
		address include:		
	i)	Business Practices for the resale or reassignment of transmission service (R04006D)	1st Q, 2006	ESS/ITS
	ii)	Implementation of "release" mechanism in the OASIS S&CP to complement non-firm redirects (R04006C1)	1st Q, 2006	ESS/ITS
	iii)	Network Services: determine if business practice standards or other support is needed to support use of OASIS for Network Service transactions (R04006E).	3rd Q, 2006	JISWG
	iv)	Registry: determine if business practice standards are needed to support the registry functions currently supported by NERC (R04037).	2nd Q, 2006	JISWG
	v)	Adoption/maintenance of ESC use cases (R04007)	1st Q, 2006	ESS/ITS
	vi)	Adoption/maintenance of Functional Requirements Document (R04007)	1st Q, 2006	ESS/ITS
	vii)	e-Tag enhancements (including e-Tag specification changes) (R05018)	2nd Q, 2006	ESS/ITS
	viii)	Document procedures used to implement the displacement/interruption terms of the Pro Forma tariff (R05019)	3rd Q, 2006	ESS/ITS
	ix)	Incremental enhancements to OASIS as an outgrowth of the NAESB March 29, 2005 conference on the future of OASIS (R05026)	TBD	Not Assigned
b)		Develop and/or maintain standard communication protocols and cyber-security business practices as needed		
	i)	Develop companion business practices to NERC's Cyber Standard (CIP002-009), and specifically review section 1303-Personnel & Training to determine if business practices are needed.	3rd Q, 2006	ESS/ITS
	ii)	Partner with the Department of Energy to perform a surety assessment on NAESB technical standards and respond to the surety assessment findings and recommendations.	4th Q, 2006	EC Officers
	iii)	PKI Initiative (e-MARC) (R03007)	1st Q, 2006	JISWG
c)		Develop business practices as needed for clarification of definitions and terminology in the Standards of Conduct[3]	1st Q, 2006	BPS
d)		Develop needed business practice standards for organization/company codes for NAESB standards – and address current issues on the use of DUNs numbers.	4th Q, 2006	Not Assigned

PROVISIONAL ITEMS

1 Develop business practice standards as requested by the regional and state advisory groups.

2 Using the NERC Interconnected Operations Services reference document (March 2002, version 1.1) as a guide and starting

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	Item Description	Completion[1]	Assignment[2]
	point, develop business practices as necessary for ancillary services and/or interconnected operating services transactions.		
3	Develop and or modify business practices related to OATT reform resulting from the Notice of Inquiry, Docket No. RM05-25-000, FERC Notice Requesting Comments, "Preventing Undue Discrimination and Preference in Transmission Services", issued September 16, 2005.		
4	Evaluate the entries on the seams catalog, determine the need for business practice standards and draft the standards requests to develop business practice standards to complement or assist specific seams mitigation efforts as noted in the seams catalog.		
5	Develop business practice standards according to approved and assigned standards requests that complement or assist specific seams mitigation efforts as noted in the seams catalog.		
6	Develop business practice standards as related to the Effectiveness Study of Competitive Wholesale Markets (Congressional Mandate), Electric Energy Market Competition Task Force, Docket No. AD05-17-000, issued by the FERC on October 13, 2005.		
7	Upon the issuance of the final order by FERC, develop and or modify business practices as requested by FERC related to OASIS or Version 0 business practices as filed by NAESB with the FERC on January 18, 2005, in Docket No. RM05-5-000. The FERC Notice of Proposed Rulemaking, RM05-5-000, "Standards for Business Practices and Communication Protocols for Public Utilities," was issued May 9, 2005.		
8	Develop and/or maintain business practice standards to support gas-electric interdependencies • Respond to requests as received that are related to Docket No. RM05-28-000. • Respond directives related to the conclusions of the NAESB reports submitted in Docket No. RM05-28-000. • Evaluate and develop business practice standards for Energy Day (R04016). • Evaluate and develop business practice standards for electric scheduling timelines (R04020).		

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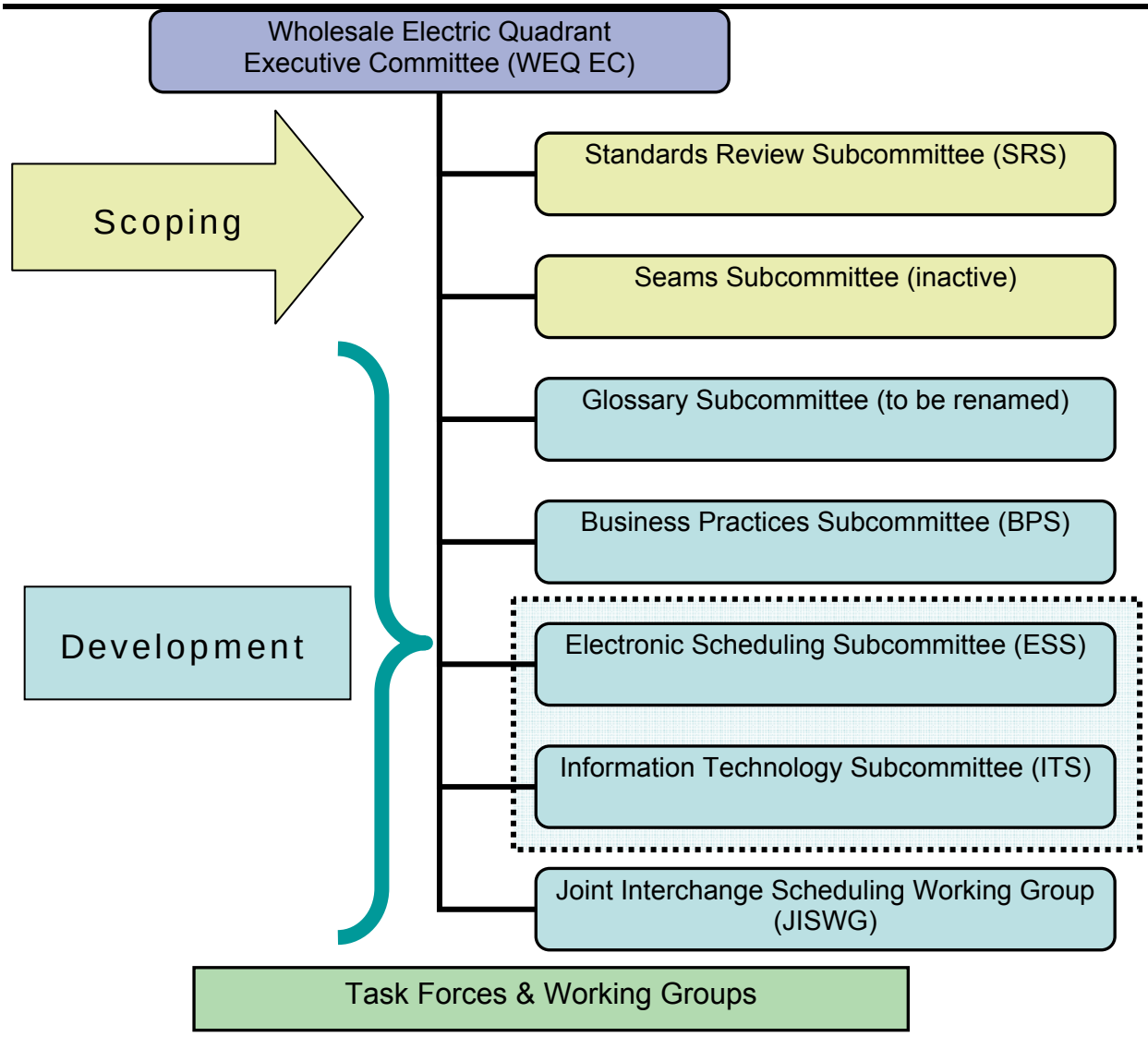

NAESB WEQ EC and Subcommittee Leadership:

Executive Committee: Lou Oberski (WEQ EC Chair) and Tony Reed (WEQ EC Vice Chair)

Standards Review Subcommittee: Raj Rana, Narinder Saini, Ollie Frazier

Seams Subcommittee: Inactive

Business Practices Subcommittee & Task Forces: Kathy York & Joel Dison

Electronic Scheduling Subcommittee/Information Technology Subcommittee & Task Forces: Paul Sorenson, J.T. Wood and Sherri Monteith

- Coordinate Interchange: Roman Carter
- OASIS: J.T. Wood and Wendy Weathers

Joint Interchange Scheduling Working Group (JISWG): Bob Harshbarger

Glossary Subcommittee (to be renamed): Sherri Monteith

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End Notes:

[1] Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.
[2] The assignments are abbreviated. The abbreviations and committee structure can be found at the end of the annual plan document.
[3] The changes to the Standards of Conduct requested by the Commission in NOPR Docket No. RM05-5-000 will be made as soon as possible.

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NORTH AMERICAN ENERGY STANDARDS BOARD

2006 ANNUAL PLAN for the RETAIL GAS and ELECTRIC QUADRANTS[1]

Approved by the Board of Directors 12-13-05

	Item Number & Description	Completion[2]	Assignment
1	Billing & Payment Data Dictionaries and Models		
	a. Develop Technical Electronic Implementation Standards – Billing & Payments	1st Qtr 2006	TEIS
2	Pre-Enrollment Customer Information		
	a. Develop technical transaction processes for exchanging customer information necessary for interactions prior to enrollment and billing, i.e., customer authorization procedures, identifying types of customer information necessary for pre-enrollment activities, and methodologies for exchanging information.	2nd Qtr. 2006	TEIS
3	Electronic Retail Billing.		
	a. Develop information requirements for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities pursuant to Request No. R05016.	1st Qtr. 2006	IR
	b. Develop Technical Electronic Implementation Standards – Electronic Retail Billing	2nd Qtr. 2006	TEIS
4	Customer Enrollment, Switching & Dropping		
	a. Develop practices for submitting and receiving, processing and fulfilling a customer's request to enroll with or leave a supplier (including suppliers dropping customers) and for maintaining current customer account information, and for notifying affected parties.	3rd Qtr. 2006	BPS
	b. Develop information requirements for submitting and receiving, processing and fulfilling a customer's request to enroll with or leave a supplier (including suppliers dropping customers) and for maintaining current customer account information, and for notifying affected parties.	4th Qtr. 2006	IR
	c. Develop Technical Electronic Implementation Standards – Customer Enrollment, Switching & Dropping.	2007	TEIS
5	Customer Inquiries		
	a. Develop procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notification of the other party.	2007	BPS
6	Contracts		
	a. Develop a model RGQ/REQ contract/outline modeled after the NAESB Base Contract for Sale and Purchase of Natural Gas, NAESB Standard 6.3.1 (NAESB Base Contract for Gas) designated for use by electric power markets or competitive gas markets. (R05013).	4th Qtr. 2006	Contracts
7	Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET.	4th Qtr. 2006	TEIS & WGQ EDM
8	Develop NAESB Certification checklist criteria for Retail Quadrants to be used in the NAESB Certification Program.	4th Qtr. 2006	TEIS

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NORTH AMERICAN ENERGY STANDARDS BOARD

2006 ANNUAL PLAN for the RETAIL GAS and ELECTRIC QUADRANTS[1]

Approved by the Board of Directors 12-13-05

	Item Number & Description	Completion[2]	Assignment
9	Partner with the Department of Energy's Sandia National Laboratories on NAESB technical standards and respond to the surety assessment findings and recommendations.	2nd Qtr. 2006	EC Officers[3]
Program of Standards Maintenance & Fully Staffed Standards Work[4]			
	Business Practice Requests	Ongoing	Assigned by the EC[5]
	Information Requirements and Technical Mapping of Business Practices	Ongoing	Assigned by the EC[5]
	Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC[5]
	Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC[5]
	Ongoing Development and Maintenance of Definitions	Ongoing	Glossary
	Provisional Activities		
	Review security standards as may be deemed necessary, such as Public Key Infrastructure (PKI).		
	Future Activities		

Joint Effort:

Supplier Certification: Develop practices for Distribution Companies to register/certify new Suppliers when they seek to begin doing business in the Distribution Company's service area.

Modify TPA as necessary.

Retail Electric Quadrant Effort Only:

Retail Meter Data Validation, Editing & Estimating: Develop procedures for insuring the integrity and validity of retail customer metering data that is needed by utilities and suppliers for billing, etc. Issues related to unbundled or competitive metering are not to be considered.

Load Profiling: Develop practices for using statistical methods to estimate interval consumption by customers who do not have interval meters.

Settlement Process: Reconcile energy schedules and energy delivered by suppliers within a given market. Note: will need to be coordinated with the WEQ.

Retail Gas Quadrant Effort Only:

Examine Wholesale Gas Quadrant Non-EDM Standards for applicability to retail business practices.

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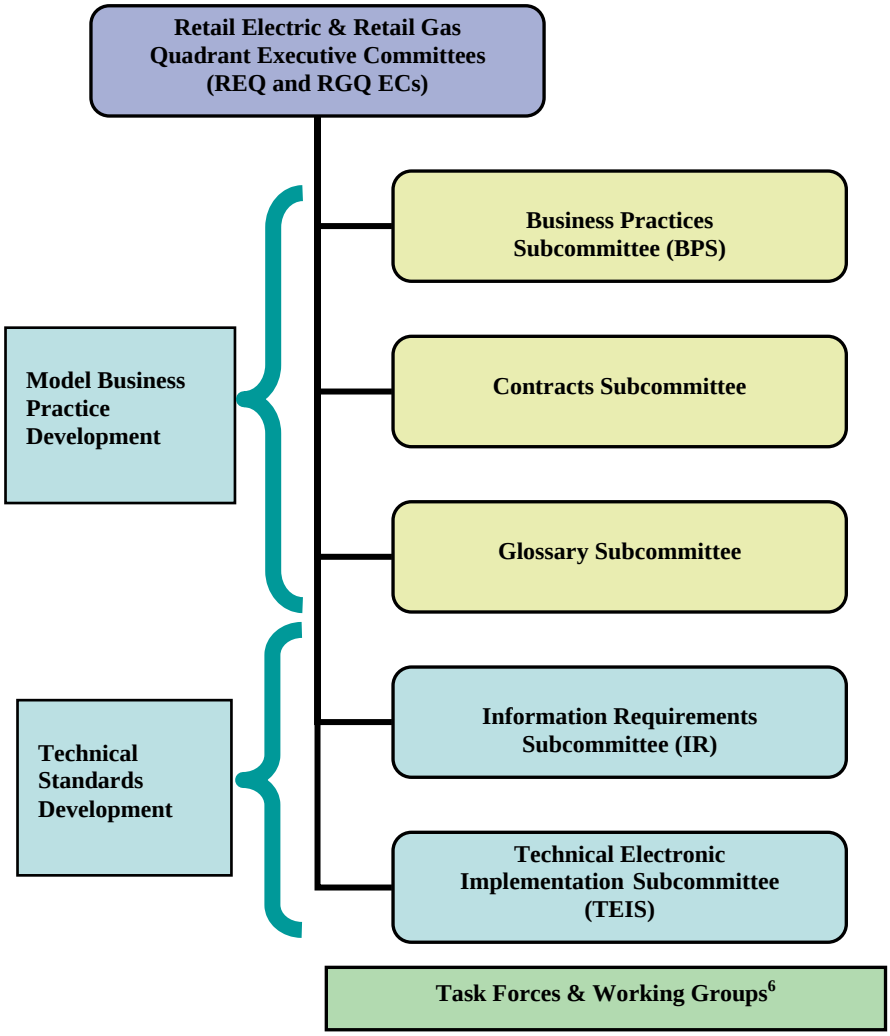

NAESB RGQ EC and Subcommittee Leadership:

Executive Committee: Mike Novak, Chair and Suzanne Calcagno, Vice-Chair
Business Practices Subcommittee: Phil Precht
Information Requirements Subcommittee: George Behr
Technical Electronic Implementation Subcommittee: George Behr
Contracts Subcommittee: Marcy McCain and Suzanne Calcagno
Glossary Subcommittee: Don Sytsma

NAESB REQ EC and Subcommittee Leadership:

Executive Committee: Ruth Kiselewich, Chair and Jim Minneman, Vice-Chair
Business Practices Subcommittee: Mary Edwards and Dan Jones
Information Requirements Subcommittee: Ed Overtree
Technical Electronic Implementation Subcommittee: Jennifer Teel
Contracts Subcommittee: Ed Overtree
Glossary Subcommittee: Mary Edwards and Patrick Eynon

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End Notes:

[1] As outlined in the NAESB Bylaws, the REQ and RGQ will also address requests submitted by members and assigned to the REQ and RGQ through the Triage Process.

[2] Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

[3] The project with SNL is a four quadrant effort, with all EC officers providing support to the SNL representatives.

[4] This work is considered routine maintenance and thus the items are not separately numbered.

[5] The REQ and RGQ ECs will assign maintenance efforts on a request by request basis.

[6] The ECs and the subcommittees can create task forces and working groups to support their development activities for development of model business practices and technical standards.

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NORTH AMERICAN ENERGY STANDARDS BOARD

2006 WGQ Annual Plan – Approved by the Board of Directors 12-13-05

	Item Description	Completion[1]	Assignment[2]
Gas-Electric Activities			
1	Development of standards regarding an Energy Day (R04016)	Tabled[3]	WGQ BPS (with WEQ BPS)
Electronic Delivery Mechanisms and Related Activities			
2	Review security standards as may be deemed necessary, e.g. Public Key Infrastructure (PKI).	Pending WEQ PKI activities	EDM
3	Partner with the Department of Energy's Sandia National Laboratories on NAESB technical standards and respond to the surety assessment findings and recommendations.	2nd Q, 2006	EC Officers
4	Review of minimum technical characteristics in Appendices B, C, and D of the WGQ QEDM Manual	2nd Q, 2006	EDM
5	Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET.	4th Qtr. 2006	EDM & Retail TEIS
Contracts Activities			
6	Review and update NAESB Base Contract for Sale and Purchase of Natural Gas to reflect current industry practices and applicable terms and conditions. (R05014)	2nd Q, 2006	Contracts
Gas Quality			
7	Part B of R03035: Develop a uniform process for reporting the underlying assumptions and methodologies for determining gas quality specifications from measured data.	1st Q, 2006	BPS
8	Part C of R03035: Examine the need to establish gas quality specification standards taking into consideration, (i) the specification needs of end users and providers of service to end users, and (ii) sources of supply (e.g. land-based, the Gulf, LNG). Draft such standards as appropriate.	Tabled[4]	Not assigned at this time.
Program of Standards Maintenance & Fully Staffed Standards Work[5]			
	Business Practice Requests	Ongoing	Assigned by the EC[6]
	Continue review against plan for migration to ANSI ASC X12 new versions as needed and coordinate such activities with DISA.	Ongoing	ANSI X12 Subcommittee
	Information Requirements and Technical Mapping of Business Practices	Ongoing	Assigned by the EC[6]
	Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC[6]
	Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC[6]
Provisional Activities[7]			
	Respond to requests as received that are related to Docket No. RM05-28-000 (Gas-Electric Interdependency)		
	Respond to directives related to the conclusions of the NAESB reports submitted in Docket No. RM05-28-000		
	Review and develop a Canadian Supplement to the ISDA Gas Annex		

Notes: (a) Priority is given to action items that are carry-overs from the 2005 Annual Plan.
(b) Any new activity should be preceded by a request from the submitter after which the annual plan will be revisited. The provisional items would only be addressed after a request is submitted or an order is issued by the FERC.

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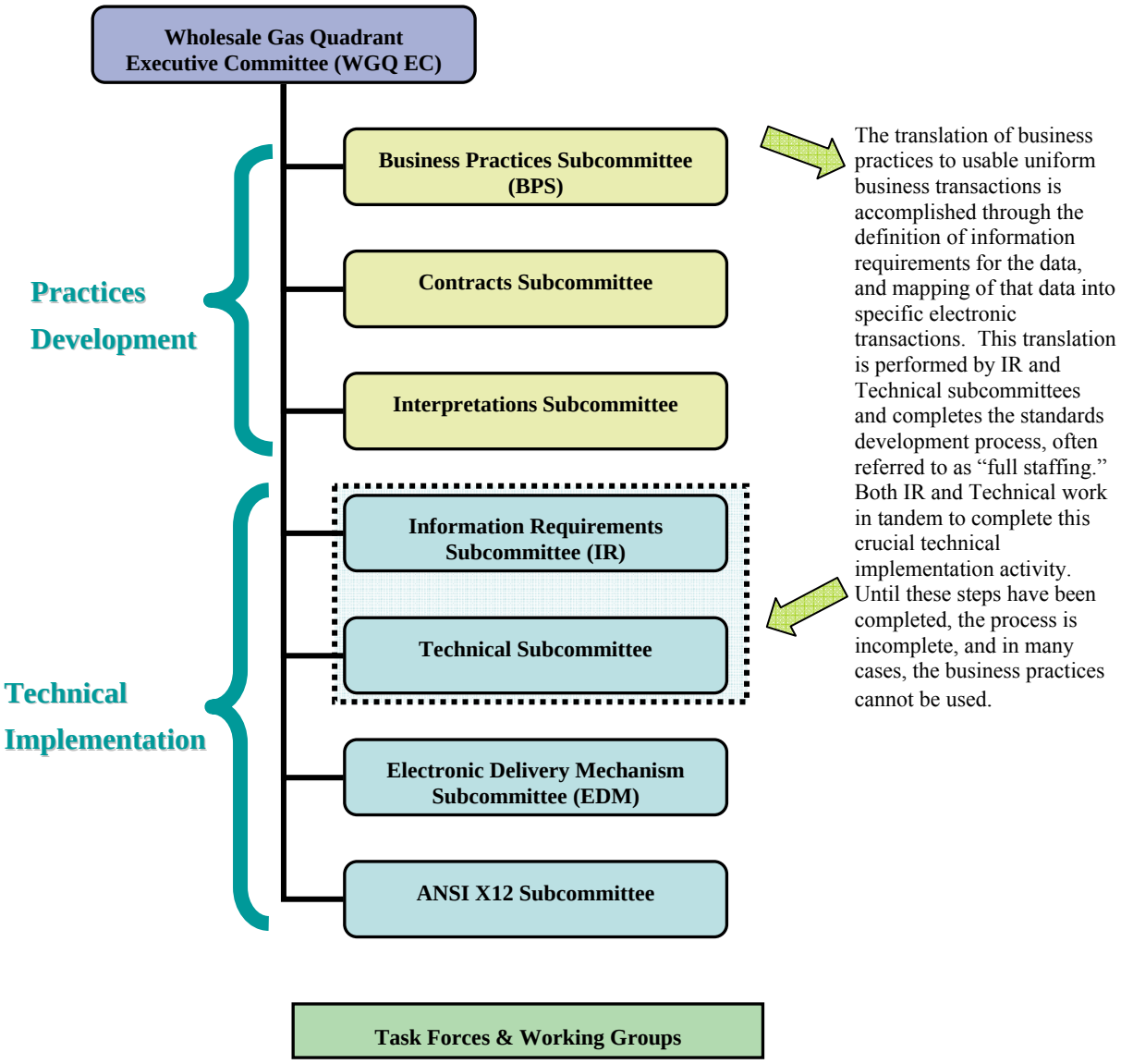

NAESB WGQ EC and Subcommittee Leadership:

Executive Committee: Jim Buccigross, Chair and Mike Novak, Vice-Chair

Business Practices Subcommittee: Kim Van Pelt, Tina Burnett and Richard Smith

Information Requirements Subcommittee: Dale Davis

Technical Subcommittee: Kim Van Pelt

Contracts Subcommittee: Suzanne Calcagno, Keith Sappenfield

Electronic Delivery Mechanism Subcommittee: Leigh Spangler, Christopher Burden

Interpretation Subcommittee: Paul Love

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End Notes:

[1] Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

[2] The assignments are abbreviated. The abbreviations and committee structure can be found at the end of the annual plan document.

[3] The Board of Directors determined to table standards development efforts on item 1 at the June 22 ,2005 meeting. Depending on the outcome of the board meeting on December 13, 2005, both Request Nos. R04016 and R04020 may be withdrawn by the submitters. If those requests are withdrawn, then this item will be deleted from the plan and all annual plan items renumbered.

[4] At its meeting on June 21, 2005, the Board of Directors unanimously voted to keep Part C of Request R03035 in abeyance, and to instruct the WGQ Executive Committee to add Part B to the Annual Plan for 2006 with the understanding that work related to the reporting of gas quality specifications is associated with the development of reporting procedures and not the standardization of the measurement itself.

[5] This work is considered routine maintenance and thus the items are not separately numbered.

[6] The EC assigns maintenance of existing standards on a request by request basis.

[7] To the extent that it is determined that any of the provisional activities should be worked upon during the year as a result of a specific request for standards development or a FERC action, the Board has the discretion to modify the annual plan. Additionally, provisional activities will remain on the Annual Plan for one year pending the filing of a formal request or a decision to add them to the plan as active items.

North American Energy Standards Board
ADVISORY COUNCIL MEETING
FEBRUARY 11, 2006

TAB 5

Discussion of Board Level Committees

This section includes:

- Gas-Electric Interdependency Committee (GEIC)
  - Final GEIC Report of Feb. 4, 2006
- Certification Program Committee (CPC)
  - CPC Roster
  - Final CPC Report of Nov. 7, 2005
  - Sample Self-Certification Statement Under Oath
- D-U-N-S® Task Force
  - Task Force Report of Oct. 21, 2005
- Resources Committee
  - Resources Committee Roster
  - Membership Report of Jan. 12, 2006
- Retail Awareness Committee (RAC)
  - RAC Roster
  - Screen Shots of New Retail Awareness Web Page
- Retail Structure Review Committee (RSRC)
  - RSRC Roster
  - RSRC Report of Dec. 6, 2005
  - Discussion Points: Continued Relevance of Retail Quadrants

This section tracks with agenda item 5.

North American Energy Standards Board

Gas and Electric Interdependency Final Report to the NAESB Board of Directors

[Date to be Filed]

Below is the final status report of the NAESB Gas-Electric Interdependency Committee (GEIC) and is supplemental to the June 27, 2005 report submitted to the Federal Energy Regulatory Commission ("Commission" or "FERC") in Docket No. RM05-28-000.

BACKGROUND[1]

In a December 2004 letter from Chairman Wood to Michael Desselle[2], the chairman noted that the January 2004 cold snap in New England highlighted the need for better coordination between the natural gas pipelines and the electric grid, including Regional Transmission Organizations (RTOs)/Independent System Operators (ISOs) and gas-fired power generators. He noted that he was pleased to see the efforts underway by NAESB to develop business practices in both industries that would alleviate the coordination problem and be in place for the next winter season.

On June 27, 2005 a report was submitted to the Commission which included communication standards between natural gas transmission service providers and power generators and will be included in the next published version of both the Wholesale Electric Quadrant (WEQ) and Wholesale Gas Quadrant (WGQ) standards (version 1 and version 1.8, respectively). Prior to publication, they are available as final actions from the NAESB web site[3] related to the request from which they originated – R04021.[4] Also in the report, the NAESB Gas-Electric Interdependency

[1] While the GEIC effort began in late 2004, a related and precursor NAESB effort began in 2003 with the creation of the NAESB Gas-Electric Coordination Task Force. This group prepared both an interim and final reports which were filed with the Commission on April 16, 2004 and November 30, 2004, respectively. Both reports included a discussion point list as their key deliverable, but also included several presentations. The point list and presentation materials were used as reference materials by the GEIC in its work. The two reports can be accessed from the NAESB web site at: http://www.naesb.org/doc_view2.asp?doc=ferc041604.pdf and http://www.naesb.org/doc_view2.asp?doc=ferc113004.pdf.

[2] The Chairman's letter can be accessed from the NAESB web site at http://www.naesb.org/protected/ferc121404.pdf.

[3] The final actions after ratification for request no. R04021 may be accessed from the NAESB web site at http://www.naesb.org/weq/weq_Final.asp and http://www.naesb.org/WGQ/wgq_Final.asp.

[4] NAESB standards can be accessed in a number of ways. The standards are available for download in the protected area of the NAESB web site free of charge or can be purchased in electronic format from the NAESB Office. Access to the protected area of the NAESB web site is free to all current NAESB members as a benefit of NAESB membership, and non-members can register for home page access for $3500 per year. The Commission has previously recognized that, "[I]t is common practice for standards organizations to charge for copies of their standards in order to defray the publishing costs as well as some of the administrative, legal, and other costs of

Committee of the Board of Directors ("GEIC") identified thirteen issues and categorized them as (1) indicating policy direction and decisions from federal, state or provincial regulatory agencies or other groups, including issues between contractual parties, (2) appropriate for review for NAESB standards development, (3) appropriate to be forwarded to NERC for consideration for reliability standards development, (4) appropriate for review as regional issues, and (5) a national infrastructure concern (Attachment A of this report). For the majority of the issues identified there was more than one category assigned.

The conclusions reached on the issues identified pointed to the crucial need for extraordinary coordination among regulators, NERC, NAESB and industry participants of both the natural gas and electric wholesale markets. As the issues list demonstrated, many of the items required the attention of more than one of the groups, and that resolution of many of the items will be based on decisions neither made nor taken by NAESB. Specific to NAESB, before NAESB can move further in developing business practice standards to address the coordination of the two industries, policy direction and industry willingness for change is required – otherwise, NAESB may be in the position of developing business practices and striving to achieve industry consensus for standards that the industry is not convinced are needed. For the two outstanding requests R04016 (Energy Day assigned to both the wholesale gas and wholesale electric quadrants) and R04020 (Electric Market Timelines assigned to the wholesale electric quadrant); the requests have already been assigned to NAESB for action both by the NAESB Executive Committee and by the Joint Interface Committee. The requests have not been addressed at this time –through actions taken by the Board of Directors on June 22.

On June 22, 2005, the Board recognized that requests R04016 and R04020 were symptoms of many of the issues identified, and as such, charged the GEIC with the preparation of a standards development request that reflected the intent of both of these requests and included other aspects of gas-electric interdependency that were evident in the issues lists (such as issues #5, #10 and #12) and targeted for business practices development. The request, once developed, would be reviewed by the Board for inclusion in the NAESB Annual Plan, and would be processed through NAESB's normal process for standards. An important direction from the Board in its instructions to the GEIC was that the members of the GEIC should ascertain a level of industry support for such actions anticipated by the request before standards development request is submitted. In summary, the committee members should not recommend actions in a standards request that they did not anticipate would garner sufficient industry support.

PROCESS USED BY THE NAESB GAS-ELECTRIC INTERDEPENDENCY COMMITTEE

The GEIC met four times (August 16, September 8, October 6, and October 24) following the June 22 Board of Directors meeting. The meetings were open and posted on the NAESB web site for all interested parties. Observers were welcomed, and did attend the meetings. Notes were taken for all meetings and posted on the web site along with agendas and work papers. The board committee is considered a named committee of NAESB – the members are named by the Chairman of the Board of Directors and are either board members, members of the NAESB Advisory Council, or specifically requested to join because of their knowledge of the markets. The work products of the committee were prepared by the committee members with staff administrative support and forwarded to the Board of Directors for review and approval. The GEIC is chaired by Jim Templeton, a NAESB Board member and former chairman of the organization.

developing the standards." In addition to the standards themselves, all agendas, working papers, and subcommittee meeting minutes are publicly accessible on the NAESB web site free of charge.

CONCLUSIONS REACHED BY THE NAESB GAS-ELECTRIC INTERDEPENDENCY COMMITTEE

In discussions of possible standards development efforts, six potential activities were identified where existing standards should be reexamined to determine whether updates or new business practices could be written to further improve the interaction between the gas and electric industries. The six activities are an outgrowth of the analysis of 13 issues described in the June 27 report to the FERC on gas-electric interdependency[5], most of which require policy direction if they are to be undertaken. As a link to the issues identified on June 27 (Attachment A), the six activities identified in this report are the items where the GEIC has determined that standards development by NAESB might be explored. Similarly, these six activities identified have policy implications. During the identification of the potential development activities, general concerns were voiced by committee members on the interaction of the wholesale gas and electric quadrants and the commitment of both groups to come equally to the table with solutions. The status of the two outstanding requests (R04016 and R04020) was also discussed.

Additionally, during discussions of these possible efforts, concerns were identified that may pose roadblocks in garnering sufficient industry support to proceed. Modification by the gas industry of established processes and practices to address problems that affect both industries will not necessarily improve the gas/electric interface unless the electric industry also works to address the electric problems. If modifications are made, they should be made in both the gas and electric industries to ensure both are working to improve gas/electric coordination.

The six efforts identified that could be included in a standards development request were:

1. Consistent with the 2/27/04 Order in Docket No. RP04-151-000[6] and the Policy Statement in Docket No. PL02-6 issued on 1/19/06, consider the development of standards to support Capacity Release pricing on an index[7] for those pipelines that have the FERC authority to enter into negotiated rates and discount capacity on an index basis. The concerns raised included:

    - Removal of the pricing cap to make it more attractive for firm gas transportation holders to release the capacity to others was raised during the discussion, but it would require regulatory policy changes and is specifically not anticipated as part of this item.

2. Review the possibility of adding an additional intraday nomination cycle with bumping rights to provide more flexibility to shippers, including power generators, with firm transportation rights such that they can nominate for natural gas supporting their market clearing times.[8] Current problems exist within the day-ahead and real-time power markets for nominations (See the graphical depiction of the electric timelines to the gas nomination timelines as Attachment B). Tennessee Valley Authority and others have noted that this problem may have been exacerbated by some pipelines' decisions to move to hourly and daily balancing; but others have remarked that the GEIC has not reached this conclusion. Technological advances make additional nomination cycles and changing the last "no bump" cycle to later in the day potential feasible solutions. As with #4 below, consensus

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[5] NAESB prepared and submitted a report on June 27, 2005, in Docket No. RM05-28-000, "Standards for the Coordination of Business Practices Between Public Utilities and Interstate Natural Gas Pipelines," which included 10 communication standards between transporters of natural gas and power generation facilities as well as 13 coordination issues identified, most of which had policy implications.

[6] The referenced order can be accessed from the FERC web site (elibrary function from http://www.ferc.gov, or http://elibrary.ferc.gov/idmws/nvcommon/NVViewer.asp?Doc=10074967:0)

[7] A work paper was independently provided by National Fuel Gas Distribution, and is attached (Attachment C).

[8] "Firm shippers are paying reservation charges for priority rights and those rights should include the right to have a nomination become effective as early as possible on the gas day following the nomination. Interruptible shippers…should not be able to prevent firm shippers from having their nominations take effect at the earliest possible time." FERC Docket No. RM96-1-007, Order No. 587-G, (April 16, 1998). *See also* FERC Docket No. RM96-1 and FERC Docket No. RM96-1 Order Nos. 587-F, 636, and 637.

has not been reachable when determining the need and amount of change required by each of the two industries to develop workable solutions. The concerns raised were:

- Adding an additional cycle may have impacts on the timing of the existing nomination cycles.
- The timing of the various nomination cycles may have different impacts on different parties and/or other NAESB standards, which must be considered before any changes are made.
- Additional Wholesale Electric Quadrant standards may be needed to take advantage of a revised gas nomination cycle.
- The proposed business practices may be more acceptable to the gas industry if developed in conjunction with Item 4 below.

3. Consistent with the 11/22/05 Order in Docket Nos. RP06-69-000 and RP06-70-000[9], review the ability of pipelines to shift gas for primary firm transportation within a pipeline path without having to re-offer as secondary firm transportation service. The concerns raised were:

- Current no bump rules limit firm customers' ability to divert gas to another market mid-day without reallocation. If pipelines could be operationally indifferent, then they could switch deliveries without facing the equity issues that arise for those customers who were not originally scheduled because they did not contract for firm transportation, but delivery is switched from firm transportation customers to customers who also did not contract for firm transportation. However, this may conflict with current tariff and policy equity issues. Any business practices created must be non-discriminatory.
- If it is determined that this function is appropriate, policy changes may be required.

Explanation of a possible implementation:

Customers who have scheduled their primary firm capacity through a point of restriction may not divert their nomination after the timely nomination deadline to a new delivery point, even if the path of the gas through the restriction does not change, just the delivery or receipt point. A customer, who wishes to change a delivery from his storage point to his city gate, risks losing his transportation priority because the pipeline is obligated to treat any change in a nomination as a new nomination requiring rescheduling with other new intra-day nominations. Revised nominations could be allowed on the same contract when (1) the intra-day nomination has the same scheduling priority that is being scheduled and could be allowed to flow on the same Gas Day as the intra-day nomination through a posted point of restriction, even if subject to a partial restriction, and (2) the nomination does not result in a net increase in the total volume scheduled under the contract though the posted point of restriction. These conditions would ensure that scheduled service for other customers through a restriction is not affected by the intra-day nomination.

Example 1: The customer has 100 dekatherms scheduled to flow from a primary receipt point through the posted point of restriction to a primary delivery point. Under the same contract, the customer then requests a nomination change to move 50 of the 100 dekatherms to a secondary delivery point that is outside its Transportation Path but still through the posted point of restriction. Under the enhanced nomination procedures proposed herein, this nomination change would be allowed because the intra-day nomination (i) has a scheduling sequence priority that is being scheduled and allowed to flow, and (ii) would not change the total quantity of gas scheduled to flow through the posted point of restriction under the same contract.

Example 2: The customer has 100 dekatherms scheduled to flow from a primary receipt point to a primary delivery point. Unlike Example 1, however, the customer's scheduled nomination of 100 dekatherms does not

[9] The referenced orders can be accessed from the FERC web site (elibrary function from http://www.ferc.gov, or http://elibrary.ferc.gov/idmws/nvcommon/NVViewer.asp?Doc=10887607:0 (RP06-69) and http://elibrary.ferc.gov/idmws/nvcommon/NVViewer.asp?Doc=10887606:0 (RP06-70)).

flow through the posted point of restriction. Instead, the customer's existing scheduled nomination has a path that is entirely upstream of the posted point of restriction. Under the same contract, the customer then requests a nomination change to move 50 of the 100 dekatherms to a secondary delivery point that is further downstream and outside its Transportation Path, resulting in a path through the posted point of restriction. Under the enhanced nomination procedures proposed herein, this nomination would not be allowed because it would result in an increase in the total quantity scheduled to flow through the posted point of restriction under that contract.

4. Review and modify the requirements for organized electric markets so that the markets clear in sufficient time to nominate within the existing gas nomination timelines (Attachment B provides a graphical representation of the differences in the gas and electric market timelines). Current timely gas nomination cycles occur long before the time when most organized electric markets clear their timelines and commit for the day ahead market. This disconnect leaves some generators two main options of either a) purchase and nominate gas transportation on a timely basis and risk not having their bid subsequently clear the power market or, b) wait to see if their bid clears the power market and risk relying upon the intraday gas transportation nominations without the level of assurances offered in the timely cycle for firm gas transportation services. Non-organized electric markets add another layer of timelines. As with #2 above, another debated point was the need and amount of change required by each of the two industries in coming to workable solutions. The concerns raised were:

    - It may be difficult for organized markets to be in compliance with this proposed business practice given the existing nomination timelines; the proposed business practices may be more acceptable to the electric industry if developed in conjunction with Item 2 above.
    - It will be necessary to gain consensus in the electric industry to standardize the electric timelines, each of which have been developed regionally. In the alternative, the electric industry can create business practices that support market clearing within the gas nomination cycles.
    - The ISOs and RTOs will need to make modifications to each of their separate processes to support NAESB business practices that require the electric markets to clear prior to the timely gas nomination timelines.

5. Require generators that offer into the day ahead market to have the appropriate commercial arrangements to fulfill the needed obligations. The concerns raised were:

    - Being too prescriptive as to how the obligations are met interferes with the risk management strategies of market participants.
    - To the extent this proposal needs to address reliability aspects of this issue, those concerns will be directed to NERC.
    - The issue of firm transportation as it relates to resource adequacy is being addressed as part of the proposed NERC Resource Adequacy Standard currently under development.

6. Develop the appropriate supporting definitions for new business practices for the Wholesale Electric Quadrant, including but not limited to definitions for: alternate fuel capability, usable alternate fuel capability, firm transportation service, firm sales service, firm supply, and “must run” generator. The concerns raised were:

    - In previous attempts, the Wholesale Electric Quadrant was unable to reach consensus on definitions of similar terms.
    - Although these definitions will apply to Wholesale Electric Quadrant, the definitions should be developed with the appropriate input from the Wholesale Gas Quadrant to ensure consistency with gas products.

As noted in the prior report of June 27, to accomplish the above standards development efforts will demand extraordinary coordination of the industry participants of both the natural gas and electric wholesale markets. Items 1-3 (all gas related) have previously cited policies or statements in individual pipeline tariffs that may support the

standards development but may benefit from direction provided by the FERC to support the much needed consensus building. Items 4-6 do not have specific policies in place today, and would require direction from FERC if consensus within the two industries would be achievable.

As general comments to the above six efforts, for all efforts that were focused on wholesale gas efforts (items 1, 2 and 3), a general comment was made that the wholesale electric quadrant should come to the table with a willingness to also make changes to their process. It is the opinion of the committee members that the organized electric markets, such as the ISOs and RTOs and their stakeholder groups, may not be interested in working within NAESB to create the needed business practices. It is anticipated that their approach would be regional solutions developed individually. Along these lines, the electric market participants of the GEIC have not identified any sponsors for the efforts directed at the wholesale electric market (items 4, 5 and 6), and a broader outreach to Edison Electric Institute and other WEQ NAESB members is in order.

As noted, items 4- 6 require more effort from within the electric industry, including RTOs/ISOs. It is NAESB's role to develop commercial business practice standards, it is NERC's role, or the soon to be created Electric Reliability Organization (ERO), to develop reliability standards, and it is the ISO/RTO Council's role to operate electric transmission systems and administer markets consistent with the standards developed by NERC and NAESB. There is a sufficiently high degree of commercial, markets and reliability interdependence associated with items 4-6 such that the electric industry participants should work together to ensure as seamless a market structure as possible.

References in items 4-6 to NERC and the ISOs/RTOs is not intended to signal any abdication of NAESB's role or responsibility in these areas. Conversely, to ignore the need for the electric industry to address needed change will leave a "one-sided" GEIC report that offers only gas-related solutions. Therefore, it is important to ensure that this report is not perceived as "one-sided" offering gas related solutions without charging NAESB to find compatible solutions on both sides. As such, this report acknowledges the need for change on both the gas and the electric side, the respective role of each organization and the need to find a joint/collaborative solution where one impacts the other. These issues have been before the electric industry for quite some time. NERC identified interdependency issues years ago but no standards have yet resulted from their efforts. While participants in the electric industry (NERC, NAESB and the ISOs and RTOs) have collaboratively developed gas-electric communications standards as a first step, further collaboration on the more difficult issues has not occurred, despite NAESB's efforts to facilitate such a process, and it will require the Commission to provide guidance to the industry in the form of Commission rulemakings or orders benefiting the industry by streamlining the joint interface process[10] for assigning work.

For the two outstanding requests R04016 (Energy Day assigned to both the wholesale gas and wholesale electric quadrants) and R04020 (Electric Market Timelines assigned to the wholesale electric quadrant); the requests have already been assigned to NAESB for action both by the NAESB Executive Committees and by the Joint Interface Committee. At the Board meeting on June 22, the Board instructed the Executive Committees to not proceed with these requests even though they had been submitted, approved as within NAESB's scope, assigned to the appropriate quadrants and had also been approved by the Joint Interface Committee. The Board recognized that requests R04016 and R04020 were symptoms of many of the issues identified, and as such, delayed action on the requests. The two outstanding requests would be reconsidered by the Board for development after the GEIC had completed its analysis and prepared new standards development requests. It was anticipated that the new standards requests would supersede and replace them. The submitters of the requests have agreed to withdraw them once the final report and/or request(s) for standards development is completed.

[10] The joint interface process for assigning work to NERC or NAESB based on whether the development activity is predominantly of a commercial nature (NAESB) or reliability nature (NERC) is outlined in the Memorandum of Understanding between NERC, NAESB and the ISO-RTO Council, signed May 15, 2003, and can be accessed from the NAESB web site: http://www.naesb.org/pdf/memorandum_of_understanding.pdf.

NEXT STEPS

In considering the development of new requests that would address one or more of the six development efforts identified by the GEIC, the concerns identified the potential need for regulatory policies, as these efforts are controversial and the ability to achieve substantial industry consensus is not certain. Because of this concern, the committee did not prepare requests for standards development as directed by the Board of Directors in June. Instead, the committee highlighted the six areas that may be beneficial for standards development, if the industry supports such development. It is the committee's opinion that the lack of industry support poses sufficient roadblocks to development and regulatory policy guidance is needed before further efforts can be undertaken. Instead of requests, the committee prepared this report, which was endorsed by the Board of Directors notationally on put date here and will be forwarded to the FERC as a final update report on gas-electric interdependency issues. With the Board approval of this report as a final update, the submitters withdrew their requests R04016 and R04020[11], as the roadblocks noted above apply equally well to the requests. The GEIC efforts are considered complete with the submittal of this final report as endorsed by the Board of Directors to the FERC.

[11] Request No. R04016 to develop a standard definition for Energy Day was submitted to NAESB on May 25, 2004 by KeySpan Utility Services and Duke Energy Gas Transmission and assigned jointly to the Wholesale Gas Quadrant and Wholesale Electric Quadrant for standards development. The Joint Interface Committee voted to support its assignment to NAESB on September 21, 2004.

Request No. R04020 to establish business standards relating to electric transaction scheduling and timelines was submitted to NAESB on June 29, 2004 by Tennessee Valley Authority and assigned to the Wholesale Electric Quadrant for standards development. The NERC/NAESB Joint Interface Committee voted to support its assignment to NAESB on January 18, 2005.

Attachment A
Issues Identified in the NAESB June 27, 2005 Filing to FERC in Docket No. RM05-25-000

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229
230 **Issues Identified by the GEIC in its report filed with the FERC on June 27, 2005**
231

#	Cat.	Description/Notes
1	2	*Issue:* Gas-fired generators are not communicating well with the pipelines, which may result in gas-fired power generation coming online and taking natural gas without the prior nomination of pipeline capacity or taking natural gas but not taken evenly across the 24 hour period for which the gas was nominated – which may cause operational issues for the natural gas pipelines. *Note:* NAESB is addressing part of this issue through the communication standards contained within this report, and as related to Request No. R04021.
2	1-3-4	*Issue:* Some gas fired generators will come online although they have been informed by the pipeline that the pipeline cannot support their burn rates. *Note:* This is a contractual and regulatory issue and may indicate that a monitor and/or "hotline" for violations are warranted. Incentives and/or penalties for load management/balancing could be a potential remedy.
3	1	*Issue:* Generally speaking, burning gas without authorization and/or replacing the gas back into the pipeline timely is an issue. *Note:* Terms are typically addressed in the contracts between the parties, thus making this issue a commercial one. The note as addressed in item 2 above is also applicable.
4	1-4-5	*Issue:* Many electric market designs allow generators to assume risk on the availability of interruptible transportation while relying on those same generators to provide power to the grid on a non-interruptible basis. Moreover, the economics are such that to maintain a competitive stance, independent power plants are disincented to purchase firm gas and/or pipeline capacity. In addition, many gas-fired plants were assumed to be available to serve in contra-seasonal peaks. This assumption may no longer be valid. *Note:* The infrastructure was initially designed for gas to be delivered to a city gate and is now being used to support, in many cases on an interruptible basis the requirements of power generators but does not provide enough interruptible capacity in some parts of the country to support such interruptible generation in conditions of extreme demand. However, several factors may warrant the assumption of risk in purchasing interruptible gas service, including the availability of flexible pipeline capacity, long term planning of supply of gas for generation uses, and fuel use diversity.
5	1-2-3-4	*Issue:* The relative timelines of electric markets and gas nominations creates a situation in which a generator can actually pay for firm gas transportation and yet only get lower-quality secondary service. *Note:* Because of the mismatches in timelines, the benefits of firm gas transportation service may not be achieved by the power generator. NAESB has a request, R04020 assigned which addresses the electric timelines and an energy day request that addresses some of the mismatch between the two markets. Work has not begun on either request to date, although both requests have been processed and assigned, including processing through the Joint Interface Committee for assignment to NAESB. However, this is also a regulatory concern -- the gas timelines are embedded in FERC regulations and both a regional and reliability concern because the reliability of the power grid depends on the electric schedules and the regional groups such as the ISOs and RTOs oversee the implementation of their respective market designs.

Attachment A
Issues Identified in the NAESB June 27, 2005 Filing to FERC in Docket No. RM05-25-000

#	Cat.	Description/Notes
6	1-2-3-4	*Issue:* The ISO/RTO Council (IRC) has expressed concern that NAESB should not alter their market timelines through standard development as this is a regional implementation – not a national concern. *Note:* The issue raised by the IRC is addressed in part though NAESB Request No. R04020 on electric schedule timelines. It is also a regulatory concern because of the OASIS FERC regulations, and is both a NERC and RTO issue because reliability of the power grid depends on the electric schedules and the regional groups such as the ISOs and RTOs oversee the implementation of their market designs.
7	1-5	*Issue:* On cold days (i.e. on peak gas consumption days) there is not enough interruptible transportation (unused firm capacity of the contract holder) to meet the gas demand served through that type of transportation. This situation results from the statutory design that the gas industry builds pipelines and capacity based on firm contracts only. In recognition of this design, gas LDCs purchase their own "reserve" capacity in the form of additional firm pipeline service. This recognition, however, is not widespread in the electric market community, where some electric regulators have not been willing to give electric utilities cost recovery for the same level of "reserve" transportation for a peaking generator. *Note:* Power generators holding firm transportation agreements to meet peak demand would necessarily have unused capacity on pipelines when demand requirements are not at peak levels. LDCs have similar periods where capacity is not needed to meet their demand requirements.
8	1-5	*Issue:* Gas LDCs purchase their own "reserve" capacity in the form of additional firm pipeline service, but electric regulators have not been willing to give electric utilities cost recovery for the same level of "reserve" transportation for a peaking generator. *Note:* The infrastructure was initially designed for gas to be delivered to a city gate and is now being used to support, on an interruptible basis, the requirements of power generators. Purchasing firm service for peak day demand may lead to overbuilding[12] the infrastructure where it can be expanded – so other services may be required.
9	1-5	*Issue:* Where voluntary arrangements between pipeline shippers could accommodate the real-time generation market (e.g. instantaneous diversion of gas from an LDC to an adjacent market) neither the pipeline nor releasers of capacity are allowed to charge short-term rates that would match the instantaneous market value of capacity to a peaking generator. Further, the ability of pipeline tariff terms (e.g., nomination cycles and release procedures) to accommodate such arrangements vary as to their flexibility. Modifications to policy would enable pipelines and releasers of capacity to charge peaking generators short-term rates. *Note:* Historically, pipelines have used a combination of firm pipeline capacity, pipeline contracts, storage, balancing, parking services and curtailment priorities to mitigate fluctuating load requirements. Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support. As for rate flexibility, in the past the Commission has

[12] Overbuilding can occur when the customer need for capacity is only intermittent or short-term (such as a peaking generator), thus creating significant amounts of empty space for the rest of the year. In that instance other services are needed to fill the gap in order to finance the cost of new capacity. In the case of electric generation typically the empty new capacity would be available at times when other firm capacity is also available meaning both would be discounted by the market. This would seriously undermine the financing of the new capacity.

Attachment A
Issues Identified in the NAESB June 27, 2005 Filing to FERC in Docket No. RM05-25-000

#	Cat.	Description/Notes
		experimented with market-based pricing for released capacity. Short-term monetizing of load price fluctuation (hourly, daily, weekly and seasonally) as well as daily and hourly volume accommodation may be appropriate for consideration.
10	1-2-5	*Issue:* If voluntary arrangements between pipeline shippers are created that accommodate the real-time generation market (e.g. instantaneous diversion of gas from an LDC to an adjacent market), business practices could be drafted that support the trade of gas from an LDC to an adjacent market. *Note:* Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support.
11	1	*Issue:* If society is not willing to pay for firm transportation for peaking capacity, then regulators may want to consider, at the state and local level, an emergency response program that determines whether - at times of unanticipated extreme demand that requires emergency relief - it is better to interrupt electric demand being served on an interruptible basis or perhaps curtail other firm gas customers so that gas generators who have not contracted for firm services can be served for the "better social good." The curtailment activity would address emergency situations in which gas is being administratively redirected according to essential human needs criteria or other "social" factors. In the DOE Gas Disruption Analysis project, the ultimate end-game for state regulators is the valuation of essential human needs generation on a level playing field with other essential human needs users of gas. Redirecting gas from a customer with firm supply during a winter crisis, to a generator who ran out of interruptible supply should never happen. *Note:* This action would require regulatory changes and is a key aspect of the coordination difficulties between the gas and electric markets. The notion of end-use-based redirection of gas to a generator who just ran out because he didn't pay for firm supply, by taking gas away from someone else who did pay for firm supply, is not something that should ever happen just because winter came when the Weather Channel said it would.
12	1-2	*Issue:* Some pipelines or LDCs may not break down the volumes at meters where there is more than one contract volume due to the confidential nature and market sensitivity of the information. This information may be necessary for RTOs, ISOs and independent balancing authorities for grid operations where the gas is used for power generation. *Note:* Business practices can be written to report volume breakdowns so that volumes destined for electric generation can be identified after the confidential nature of the market data has been addressed.
13	1-2-3	*Issue:* In California ISO's comments to NAESB regarding its development of business practices for Request No. R04021, they discussed a network of informed contacts available as coordination issues arise. This contact approach may be applicable on other than a regional basis, such that all operating areas should have "Dedicated Lines" between key offices within that operating area and possibly adjoining connected areas to support informed and timely decision making. *Note:* Business practice standards can be written to implement a "hot line" that would respect any needed regional differences. Communication standards development was undertaken by NAESB and the results of that effort are presented in this report.

Attachment B
Gas-Electric Timeline Graphs

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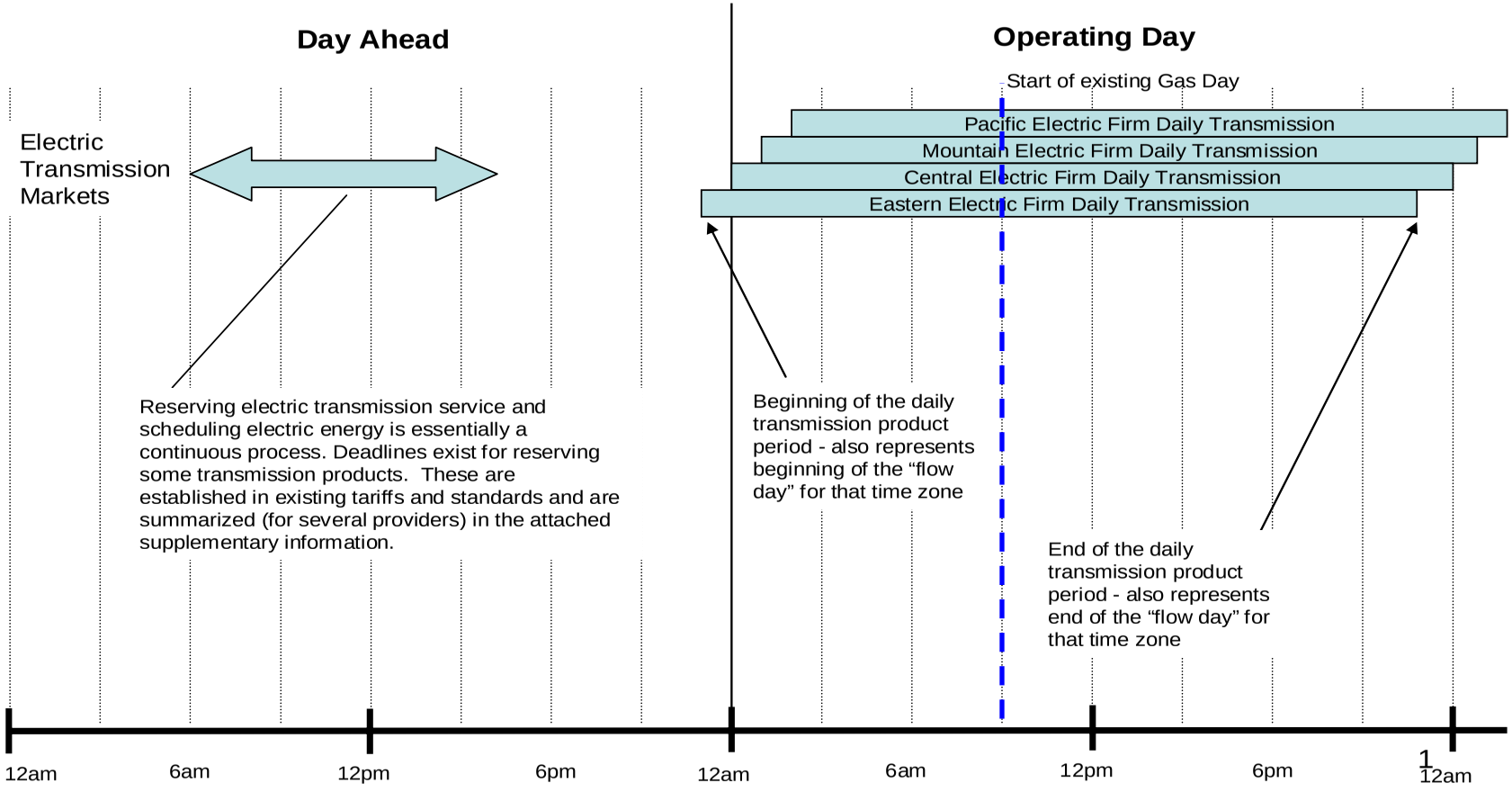
Current Processes Converted to Central Prevailing Time (CPT)



Attachment B
Gas-Electric Timeline Graphs

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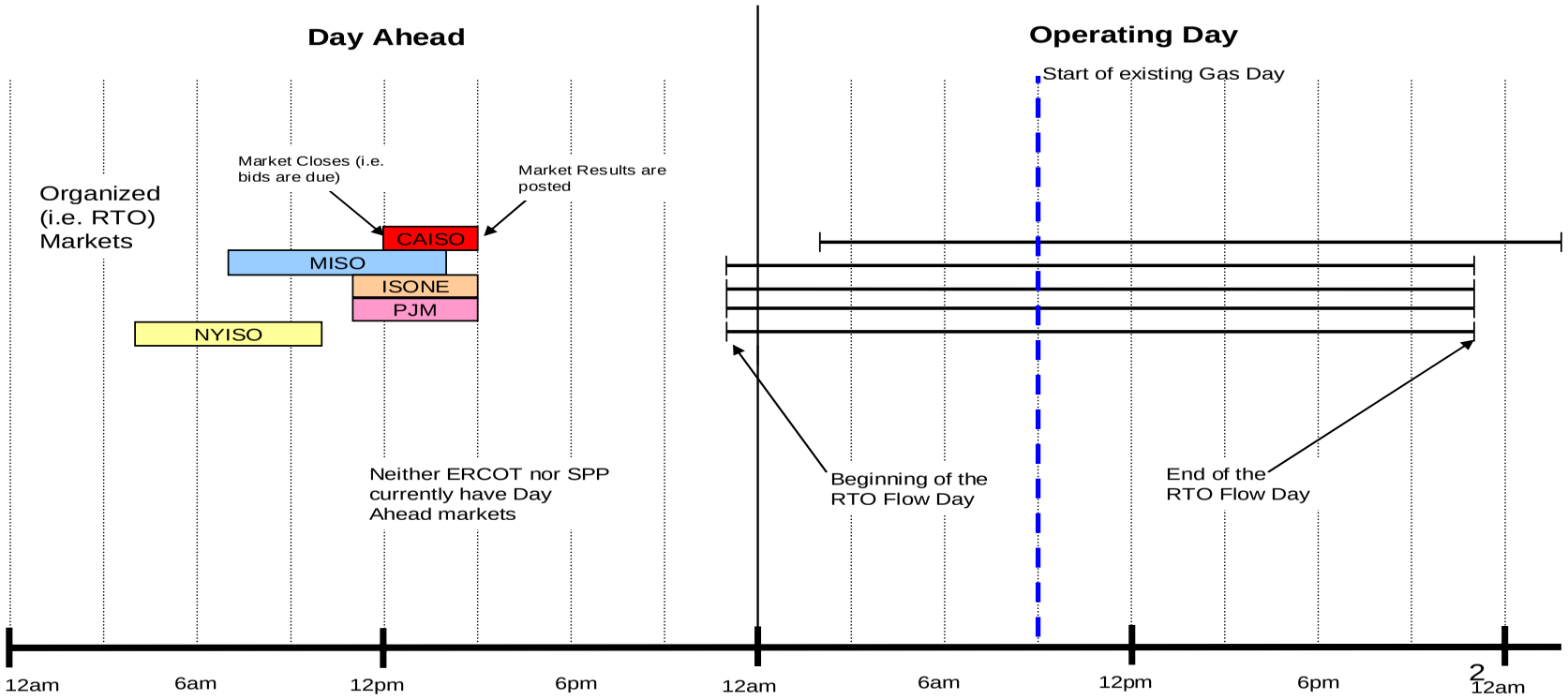
Current Processes -CPT



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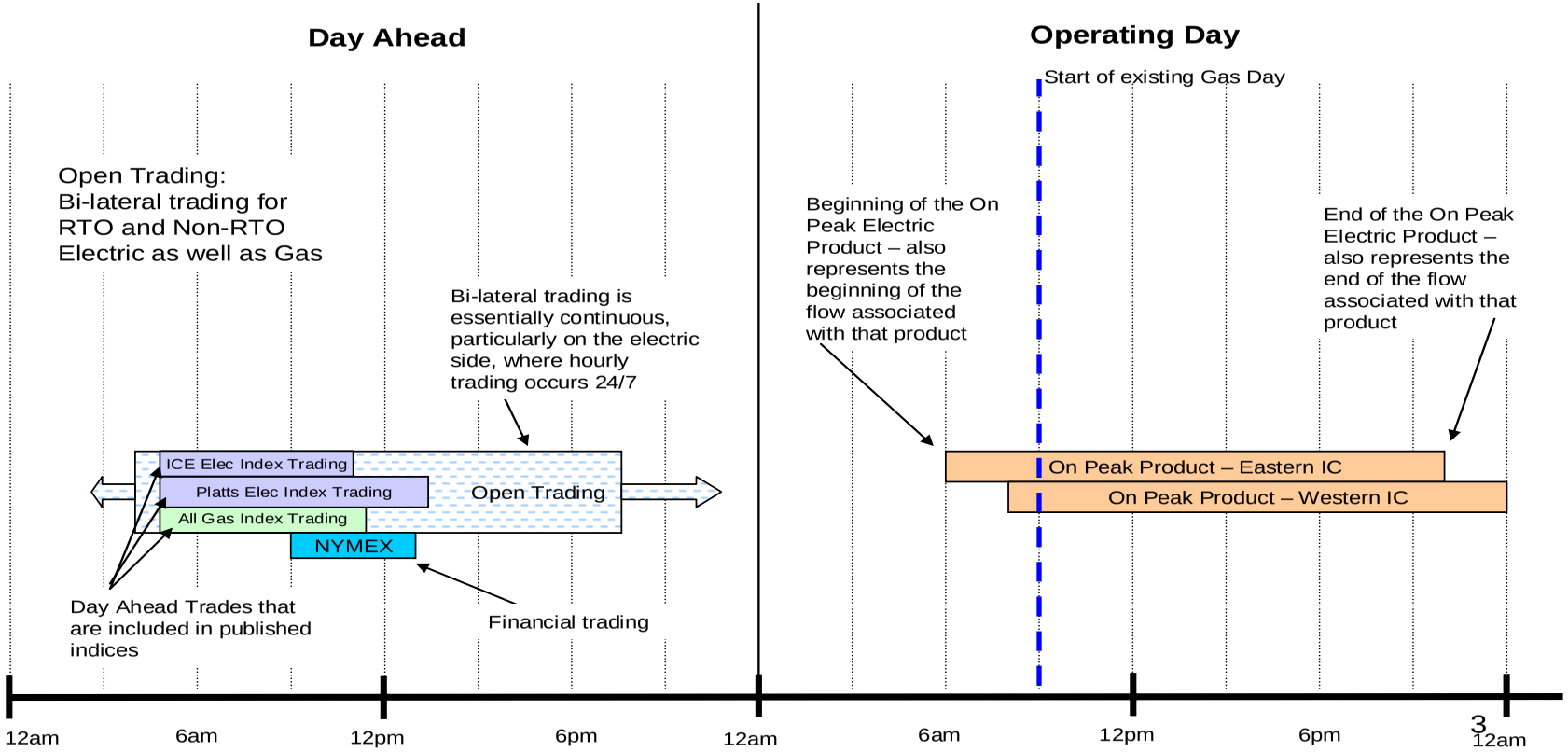
Attachment B
Gas-Electric Timeline Graphs

Current Processes - CPT



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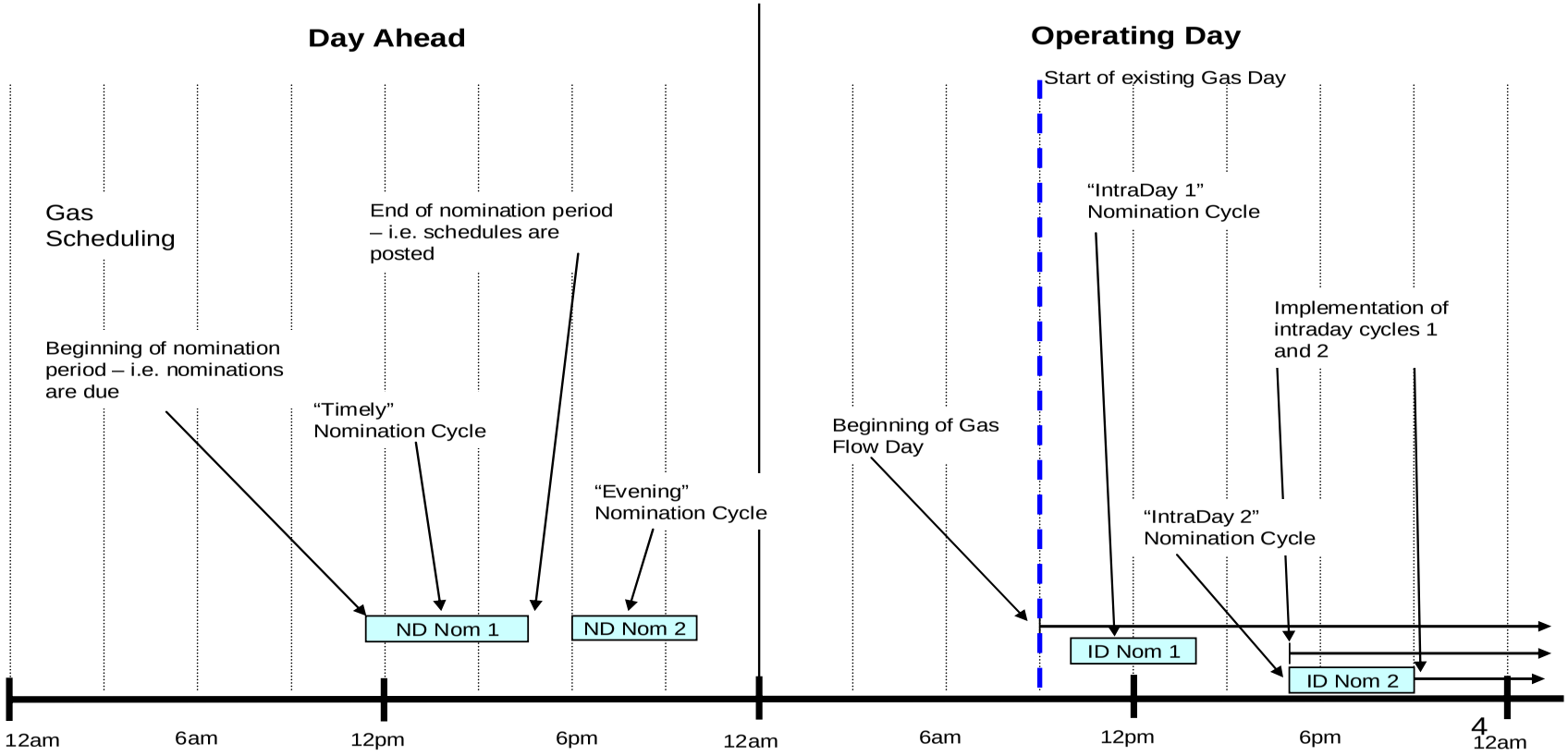
Gas-Electric Timeline Graphs

Current Processes - CPT



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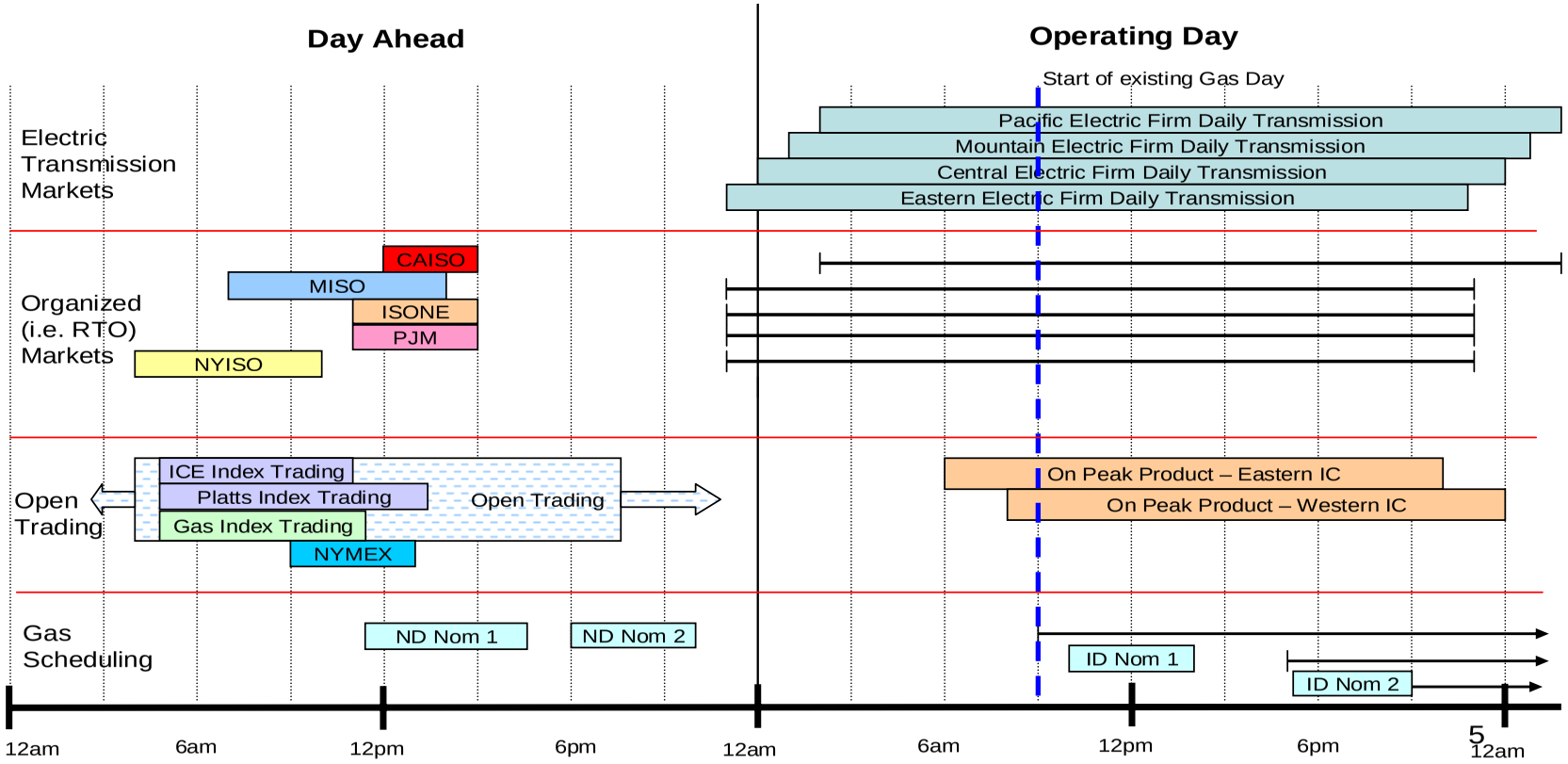
Attachment B
Gas-Electric Timeline Graphs

Current Processes - CPT



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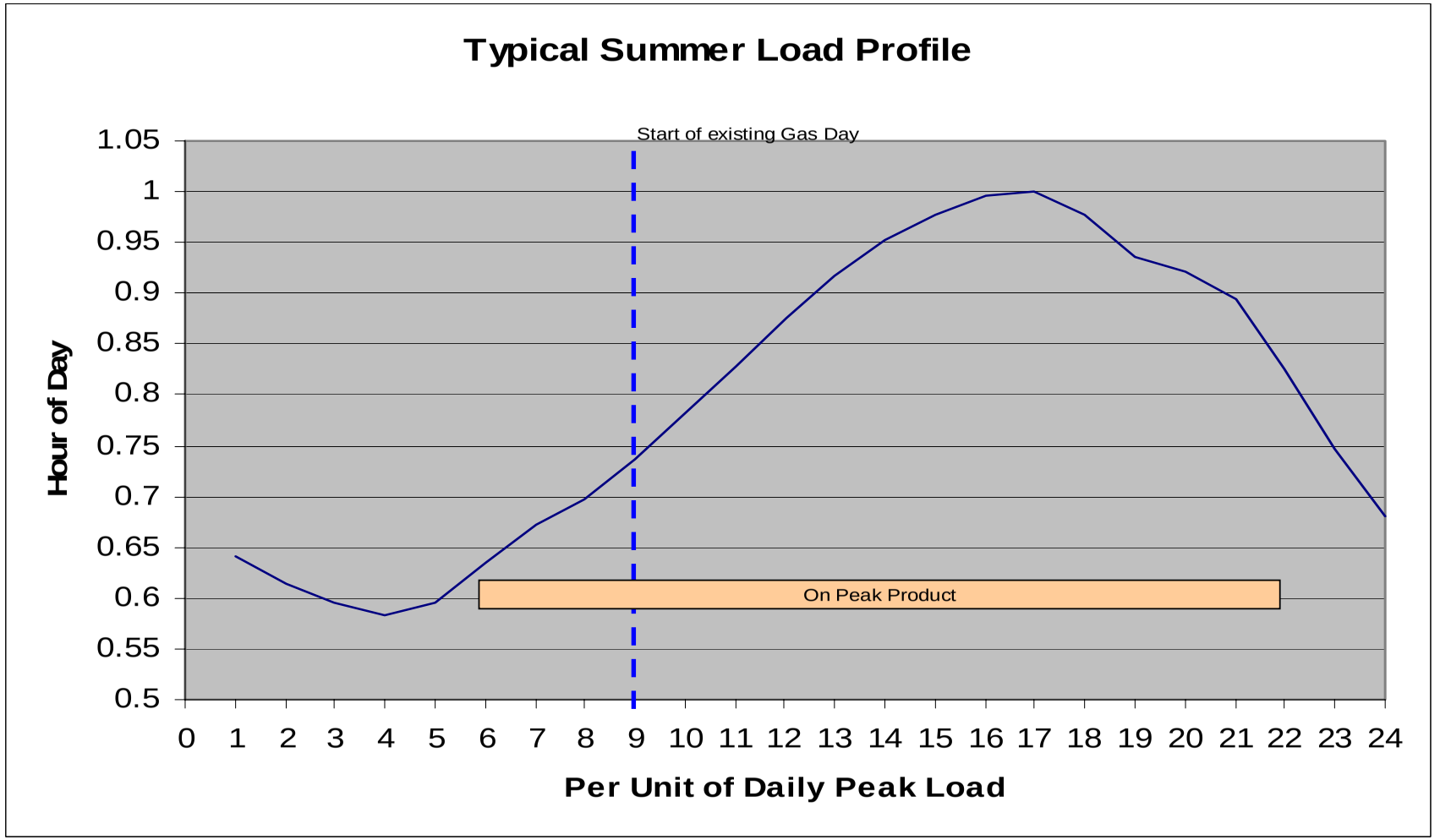
Gas-Electric Timeline Graphs



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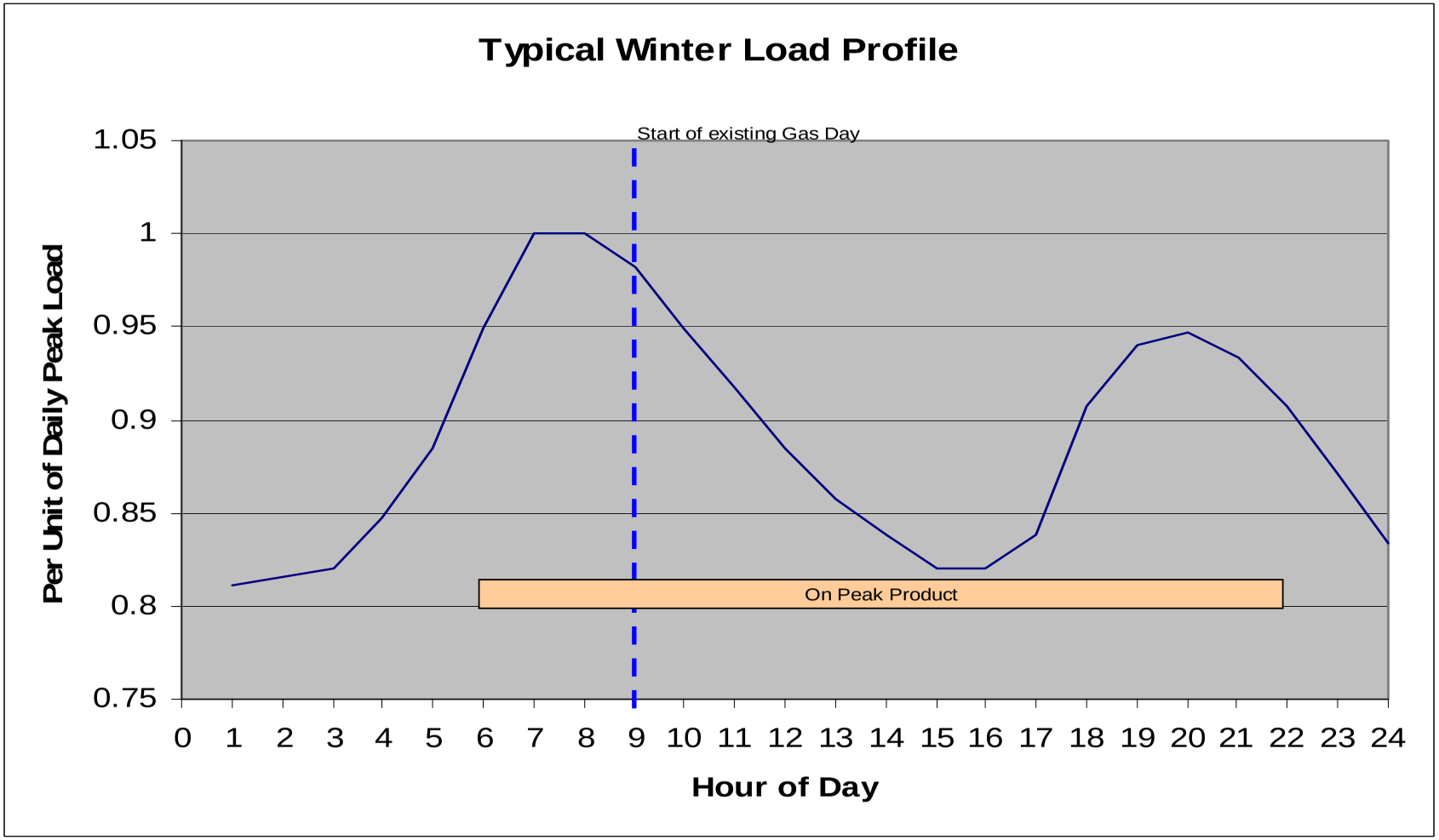
Gas-Electric Timeline Graphs



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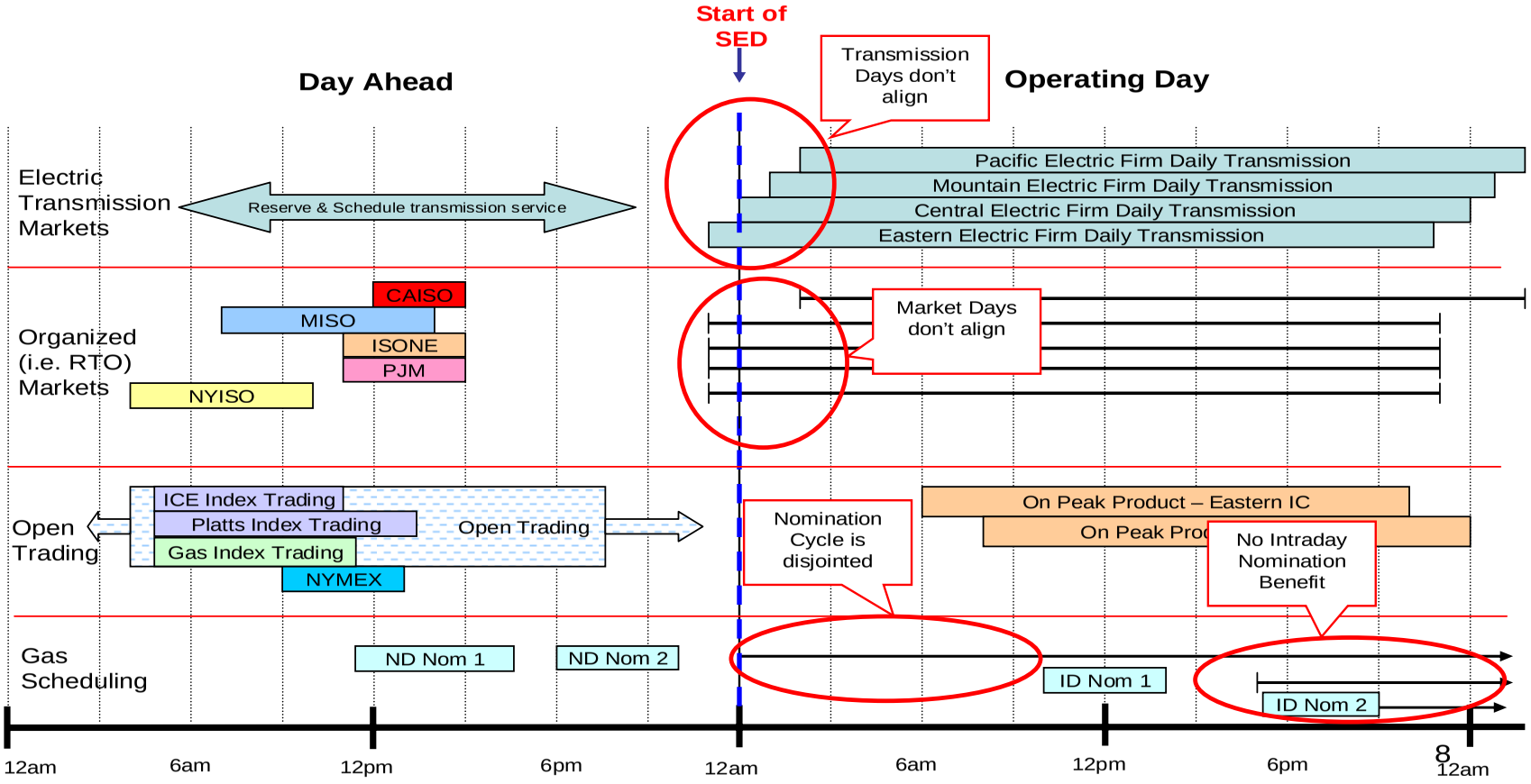
Attachment B
Gas-Electric Timeline Graphs

"As Requested" Standard Energy Day

With Other Processes as They Exist Today



Attachment C
National Fuel Gas Distribution Work Paper on Item 1

TO: **J. Templeton, Chair, GEIC**
FROM: **M. Novak**
DATE: **August 16, 2005**
RE: **Proposed Standards Development - NAESB Report on WEQ and WGQ Business Practice Standards for Transmission Service Provider-Power Plant Operator Communications and the Gas and Electric Interdependency Report (June 27 Report)**

Within the June 27 Report, Issue #9 and Issue #10, deal with diversion gas and/or capacity from LDCs to the real-time generation market. Issue #9 references market-based pricing and issue #10 references tariffs and development of business practices. Any attempt to monetize shipper releases of pipeline capacity in terms of real-time generation load price fluctuations is currently bound by the maximum tariff rates applicable to capacity, as well as bidding rules.

Current NAESB WGQ Standards governing capacity release are more restrictive on pricing beneath the maximum tariff rate than current Commission policy requires. As currently structured, NAESB WGQ Standard 5.3.26 requires the releasing shipper to determine whether bidding should take place in terms of dollars and cents or as a percentage of maximum rate. NAESB WGQ Standard 5.3.19 can be read to restrict re-releases to be on the same terms and basis as the primary release when a more current reading of Commission policy would say this is a matter between the releasing and replacement shipper subject to broader bidding rules and maximum tariff rate limits. Additionally, the standards can be read to restrict the form of releases to volumetric and reservation forms that at the time these standards were drafted, appeared to comport with all the options necessary.

In more recent years, pipelines have sold capacity at discounted rates where the effective rate was tied to a published price index. Commission policy allows that releasing shippers should be free to offer the same type of pricing arrangement that the pipeline offers. At least where pipelines offer discounts based upon price indices, Commission policy appears to support releasing shippers offering the same type of pricing in a capacity release.

To capture real-time generation load price fluctuations, a firm shipper (e.g. an LDC) should be able to propose a release rate based off a published electric price index. The rate would fluctuate each day between a releasing shipper specified floor and the maximum tariff rate. In theory, this would create an economic incentive to provide more short-term capacity to the gas-fired generation market because with the prospect of high release value, releasing shippers can explore replacement capacity alternatives that otherwise would not be cost-effective.

While no pipeline tariffs prohibit capacity release transactions based off published price indices, the NAESB Standards, which in most cases have been incorporated into pipeline tariff by reference, do not support index-based releases. NAESB standards should support such release transactions and if the Commission relaxed the prohibition on releases above the maximum applicable tariff rate, then standards can further evolve.

As a general matter, technology has progressed tremendously since the initial drafting of the NAESB WGQ Capacity Release Standards. Along with the evolution of Commission policy governing the capacity release market, there appears to be justification for GEIC considering development of a request for the WGQ to review and update its Capacity Release Standards.

Issues # 9 and #10 follow for reference.

Attachment C
National Fuel Gas Distribution Work Paper on Item 1

Selected Issues from June 27 Report

Issue #9: Where voluntary arrangements between pipeline shippers could accommodate the real-time generation market (e.g. instantaneous diversion of gas from an LDC to an adjacent market) neither the pipeline nor releasers of capacity are allowed to charge short-term rates that would match the instantaneous market value of capacity to a peaking generator. Further, the ability of pipeline tariff terms (e.g., nomination cycles and release procedures) to accommodate such arrangements vary as to their flexibility. Modifications to policy would enable pipelines and releasers of capacity to charge peaking generators short-term rates.

Note: Historically, pipelines have used a combination of firm pipeline capacity, pipeline contracts, storage, balancing, parking services and curtailment priorities to mitigate fluctuating load requirements. Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support. As for rate flexibility, in the past the Commission has experimented with market-based pricing for released capacity. Short-term monetizing of load price fluctuation (hourly, daily, weekly and seasonally) as well as daily and hourly volume accommodation may be appropriate for consideration.

Issue #10: If voluntary arrangements between pipeline shippers are created that accommodate the real-time generation market ((e.g. instantaneous diversion of gas from an LDC to an adjacent market), business practices could be drafted that support the trade of gas from an LDC to an adjacent market.

Note: Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support.

Attachment D
GEIC Member Roster

TO: Posting on NAESB Web Site

FROM: Rae McQuade, NAESB Executive Director

RE: Board Gas-Electric Interdependency Committee – Named Board Members

DATE: November 3, 2004

The Board Gas-Electric Interdependency Committee is chaired by Jim Templeton. The named Board members and Advisory Council members that comprise the Board Gas-Electric Interdependency Committee are as follows:

Name	Organization	Quadrant	Phone	Email
Vicky Bailey	Johnston & Associates		202-659-8400	vbailey@johnstondc.com
Adrian Chapman	Washington Gas Light	WGQ	703-750-7677	achapman@washgas.com
Valerie Crockett	Tennessee Valley Authority	WGQ	423-751-6096	vjcrockett@tva.gov
Mark Crosswhite	Southern Company	WEQ	205-257-0472	macrossw@southernco.com
Michael Desselle	American Electric Power	WEQ	214-777-1083	mddesselle@aep.com
Pete Frost	ConocoPhillips Gas & Power Marketing	WGQ	202-833-0917	Pete.w.frost@conocophillips.com
Robert Gee	Gee Strategies		703-698-2033	racbud@ix.netcom.com
Joseph Hartsoe	American Electric Power Service Corp	WEQ	202-383-3430	jrhartsoe@aep.com
Leonard Haynes	Southern Company Services	REQ	404-506-0206	ljhaynes@southernco.com
Sheila Hollis	Duane Morris		202-776-7810	sshollis@duanemorris.com
Reed Horting	PECO Energy	WGQ	215-841-6410	Reed.horting@exeloncorp.com
Richard Kruse	Duke Energy Gas Transmission	WGQ	713-627-5368	rkruse@duke-energy.com
Mark Maassel	Northern Indiana Public Service Company (NiSource, Inc.)	RGQ	219-647-6400	mtmaassel@nisource.com
Lyn Maddox	Oxadel Consulting, LLC	WGQ	281-465-8539	linmaddox@sbcglobal.net
Randy Mills	ChevronTexaco	WGQ	713-752-7815	Randymills@chevrontexaco.com
Ron Mucci	Williams Power	WEQ	918-573-4981	Ron.m.mucci@williams.com
Mike Novak	National Fuel Gas Distribution	RGQ, WGQ	716-857-7884	novakm@natfuel.com
Marty Patterson	Cinergy CBU	WGQ	513-419-6935	Marty.patterson@cinergy.com
John Procario	Cinergy	WGQ	513-287-3657	jprocario@cinergy.com
Rick Smead	Navigant Consulting	WEQ	713-646-5029	rsmead@navigantconsulting.com
Larry Smith	Tennessee Gas	WGQ	713-420-4299	Larry.smith@elpaso.com

Attachment D
GEIC Member Roster

Name	Organization	Quadrant	Phone	Email
	Pipeline Company			
Joe Stepenovitch		WGQ	813-289-5644	joestep@bellsouth.net
Jim Templeton	Comprehensive Energy Services	WGQ	713-759-6999	jrtemplton@aol.com
Ken Wiley	Florida Reliability Coordinating Council	WEQ	813-289-5644	kwiley@frcc.com
Jeanne Zaiontz	BP Energy	WEQ	281-366-4507	zaiontj@bp.com

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Home Page: www.naesb.org

TO: Posting on NAESB Web Site

FROM: Rae McQuade, NAESB Executive Director

RE: Board Certification Program Committee – Named Board Members

DATE: May 13, 2005

Leigh Spangler is the Chair of the Board Certification Program Committee. The named Board members that comprise the Board Resource Committee are as follows:

Name	Organization	Quadrant	Phone	Email
George Behr	Energy Services Group	RGQ	(717) 975-1927	gbehr@EnergyServicesGroup.net
Jim Buccigross	8760, Inc.	WGQ	(508) 238-0345	jhb@8760.com
Christopher Burden *	Williams Gas Pipeline	WGQ	(713) 215-4322	Christopher.Burden@Williams.com
Cade Burks	EC Power, Inc.	REQ	(713) 403-8720	cade.burks@EC-Power.com
Dave Darnell	Systrends, Inc.	RGQ	(480) 756-6777	dave.darnell@systrends.com
Paul Sorenson*	OATI	WEQ	(612) 360-1633	Paul.sorenson@oati.net
Leigh Spangler	Latitude Technologies	WGQ & RGQ	(972) 747-1983	lspangler@latitudetech.net

* Not a Board member.

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TO: NAESB Board Managing Committee, and posting for interested parties

FROM: Certification Program Committee: Leigh Spangler (Chair), George Behr, Jim Buccigross, Christopher Burden, Cade Burks, Dave Darnell, Dave Pfeifer, and Paul Sorenson; and James Cargas (Deputy Director)

RE: Recommended Revisions to and Expansion of NAESB Certification Program

DATE: November 7, 2005

Final Report of Board Certification Program Committee

Summary

The NAESB Certification Program provides suppliers to the gas and electric industries the opportunity to demonstrate the compliance of their products and services with applicable NAESB standards. The Certification Program Committee (CPC) was charged by the Board to assess the existing NAESB Wholesale Gas Quadrant (WGQ) Certification program and make recommendations to increase the program's relevance, visibility and applicability to all quadrants.

The key recommendations of the CPC are that NAESB adopt a self-certification process and reduce the certification fees. The CPC believes these changes will increase vendor participation, provide greater protection of trade secrets, reduce NAESB's administrative costs, and provide implementation flexibility within each quadrant.

1. Certification Program Committee Formation and Goals

The CPC was formed by the Board of Directors during its March 3, 2005 meeting. It reports to the Board of Directors through the Board Managing Committee. It is charged with (1) evaluating the existing WGQ certification program and determining the relevance of a NAESB certification program to the market place, (2) making recommendations for improvements that are applicable to all four quadrants, and (3) developing the materials required for implementation of the new certification program. The Committee held seven conference calls and is now prepared to make its recommendations to the Board through the Managing Committee.[1]

2. Current WGQ Certification Program

Certification is an activity that many standards organizations and associations undertake as the organization reaches a level of maturity. For example the following is a sample of the certification programs of other standards developing organizations:

- American National Standards Institute (ANSI) produce accreditation program, http://www.ansi.org/conformity_assessment/accreditation_programs/accreditation_certification_programs.aspx?menuid=4
- American Society of Mechanical Engineers (AMSE) conformity assessment, http://www.asme.org/cns/accreditation/index.html

1 The CPC held conference calls on April 5, April 27, May 19, June 8, July 12, August 4, and November 7, 2005. The agendas, call notes and work papers from these calls are posted at: http://www.naesb.org/certification_program.asp.

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- Gas Appliance Manufacturers Association (GAMA) certification program, http://www.gamanet.org/gama/inforesources.nsf?OpenDatabase
- National Electrical Manufacturers Association (NEMA) conformity assessment, http://www.nema.org/stds/conformity/

Certification enhances credibility and awareness of the standards. It is also a tool that can be used by software product developers to evaluate their product offering and demonstrate to potential clients that they have taken steps to ensure that their products are in compliance. Similarly, implementers of the standards and companies buying the software services, solutions or products use certification as part of their purchasing decision process. Making the checklist which comprises the certification available provides potential buyers with a clear understanding of the elements of the certification program. For those who chose to avail themselves of this voluntary program, it can be a very effective marketing or purchasing tool.

The Gas Industry Standards Board (GISB) Board of Directors implemented a certification program on June 10, 1999, for the standards it promulgated for the wholesale gas industry. The program was voluntary, confidential and eventually covered WGQ Versions 1.3 through 1.6. The service companies originally requested the creation of a program to support their products. Members paid a $7,500 fee while non-members were charged $10,000 per software product or solution. The certified software products were permitted to display the GISB or NAESB Certification Mark on the documentation (electronic or printed) for a period of two years, after which re-certification was required. Use of any certification program is fully voluntary and intended to be used as a tool for companies to indicate they support and use a particular version of NAESB standards. Accordingly, it is used primarily by service providers. It is not typically a tool used by regulated entities.

The current WGQ certification program depends on the person requesting certification (Requestor) hiring a NAESB approved third-party certifier (Certifier) and permitting the Certifier to review the code and functionality of their product to determine its compliance with the WGQ standards. The Requestor would execute a confidentiality agreement with the Certifier to ensure any trade secrets remain confidential. The cost of the certifier was in addition to the fees paid to NAESB. A NAESB developed check list of minimum requirements for each version served as a guide in this process.

The need for third-party Certifiers required NAESB to also certify the Certifiers. Each individual seeking certification was required to attend a NAESB WGQ standards course, a WGQ web standards course and pass an examination. Administration of the exam was free to members and $1,000 for non-members.

3. Adoption of Self-Certification Format

The CPC reviewed the existing WGQ certification program and certification programs of other organizations. The Committee found, that with the passage of Sarbanes-Oxley in 2002, the corporate environment and marketplace has become more willing to rely on self-certification by a corporate officer as a means of ensuring compliance. This self-certification method:

- Eliminates the need for a software developer to reveal its computer code to a third-party Certifier,
- Provides for greater protection of trade secrets,
- Eliminates costs associated with hiring a Certifier, and
- Creates the potential for reduced NAESB certification fees.

As such the CPC believes a self-certification program will enjoy greater participation than the existing program. Of course, officers asked to sign off on NAESB's certification may still want to incur the cost of hiring a third-party Certifier to conduct an audit to ensure the validity of the representations they must make.

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4. Development of Recommended Program Materials

First, the CPC redrafted the 1999 certification mark license agreement to apply to the applicable standards and model business practices of all four quadrants. An appendix was added containing an "Officer or Principal Certification Statement Under Oath" that was modeled on the certifications required by the US Securities and Exchange Commission under Sarbanes-Oxley. The two-year limit to certification was maintained. Finally, some introductory language was also added. The revised License Agreement underwent legal review and was approved by NAESB General Counsel, Bill Boswell.

Second, Mr. Jim Buccigross drafted a WGQ Version 1.7 check list containing the data/information, electronic delivery mechanism (EDM), informational postings and customer activities web site requirements. In the event a Requestor wants to be certified for prior versions, the previously existing WGQ check lists can be utilized. Third, Mr. Paul Sorenson drafted a WEQ Version "0" check list containing the Open Access Same-Time Information Systems (OASIS) Standards & Communications Protocols (S&CP) requirements. These WGQ and WEQ certification program materials have been finalized, allowing the revised certification program to be implemented upon approval of the Board.

The emerging state of standards in the NAESB Retail Quadrants limited the feasibility of creating a RXQ certification checklist during the CPC's tenure. The recent passage of the Internet ET specification, however, will provide an opportunity for RXQ certification efforts in the near term.

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OFFICER OR PRINCIPAL CERTIFICATION STATEMENT UNDER OATH

Statement under oath of principal executive officer regarding facts and circumstances relating to the certification of his/her company's software as compliant with the below referenced standards of the North American Energy Standards Board ("NAESB").

Name of Company: _____
Address, City, State and Postal Code: _____
_____
Phone: _____ Fax: _____
Web Site: _____
Name and Version of Software Product or Software Solution ("Software") Being Certified:
_____
NAESB Standard or Model Business Practices Being Certified ("Standards Certified"):

- □ Wholesale Gas Quadrant, Version 1.4, 1.5, 1.6 or 1.7 (circle one)
- □ Retail Gas and Retail Electric Quadrants, Version 1.0
- □ Wholesale Electric Quadrant, Version 0

Scope of Certification (select all that apply):

- □ Data/Information Requirements
- □ Web Site Requirements (Informational Postings and Customer Activities)
- □ EDI/EDM Requirements

I, _____[NAME OF PRINCIPAL EXECUTIVE OFFICER]_____, state, attest and certify that:

1. To the best of my knowledge, based upon a review of the Self-Certification Checklist for the above referenced Certified Standards and the Software source code:
   a. The above referenced Software meets or exceeds each and every requirement contained in the Self-Certification Checklist for the Standards Certified;
   b. No response to the Self-Certification Checklist for the Standards Certified contains an untrue statement of material fact as of the date of this Statement; and
   c. No response to the Self-Certification Checklist for the Standards Certified omits a material fact necessary to make the statements in the Checklist not misleading as of the date of this Statement.
2. I have reviewed the contents of this Statement with the Company's legal counsel.
3. I understand that the certification is limited to the Software product or solution and version listed above, that certification is limited to the Standards Certified as indicated above, and that the certification shall automatically expire two (2) years from the date of this Statement.
4. In the event of a material change in the Software, or the discovery that a response to the Self-Certification Checklist is untrue, inaccurate or misleading, I will immediately notify NAESB and agree to cease using the Certification Mark.
5. I consent to the public posting of this Statement on NAESB's web site.
6. I have the right and authority to make the statements and representations herein and to enter into the corresponding License Agreement with NAESB.

Executed this _____ day of _____, 2005.

ATTEST:

_____
Secretary

_____
Name of Company

_____
Officer or Principal Executive Officer's Signature

_____
Print Name

_____
Title

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TO: Wholesale Gas Quadrant Executive Committee Members,
Retail Gas Quadrant Executive Committee Members,
Wholesale Electric Quadrant Executive Committee Members, and
Retail Electric Quadrant Executive Committee Members

CC: NAESB Managing Committee

FROM: NAESB D-U-N-S® Task Force (Dale Davis, Barbara Rehman, Christopher Burden, Robert Connell, Rae McQuade, James Cargas, Laura Kennedy, Todd Oncken)

RE: Report on Findings and Recommendations of the D-U-N-S® Task Force

DATE: October 21, 2005

REPORT ON FINDINGS AND RECOMMENDATIONS OF THE D-U-N-S® TASK FORCE

Executive Summary

NAESB currently uses the Dun & Bradstreet (D & B) Data Universal Numbering System (D-U-N-S®) number in some of its standards for identification of entities. The D-U-N-S® number is a nine-digit identifier assigned by D&B that permits businesses, their affiliates and divisions to be uniquely identified. After several NAESB members reported difficulties in obtaining D-U-N-S® numbers from D & B, a task force was formed to investigate. The task force confirmed that members across all of the quadrants are indeed having difficulty receiving D-U-N-S® numbers for a variety of reasons and that D & B is often charging for the issuance of D-U-N-S® numbers where they did not in the past. The standards of all four quadrants either utilize the D-U-N-S® number or are contemplating its use.

To address D & B's change in policy, the task force recommends that the Executive Committees support and request that the Managing Committee support and request Board approval of the following:

- a quadrant-specific approach where no action be taken at this time for the Wholesale Gas Quadrant (WGQ), Retail Gas Quadrant (RGQ), and Retail Electric Quadrant (REQ); and for the Wholesale Electric Quadrant (WEQ), NAESB should work with the North American Electric Reliability Council (NERC) to jointly determine if an alternative numbering system would be a better fit for its needs than the currently employed D-U-N-S® numbers; and,
- pursue the creation of an agreement with D&B that would meet the WEQ's numbering needs if the WEQ determines that the use of D-U-N-S® numbers should continue.

1. Introduction

Market participants in many industries have the need to uniquely identify businesses to facilitate commerce. To satisfy that need, many industries use a nine-digit Data Universal Numbering System (D-U-N-S®) number assigned by Dun & Bradstreet (D & B). There are 196 different location coding methods recognized by ANSI X12. The natural gas and electricity markets have adopted, or are adopting, the use of D-U-N-S® numbers in the standards and procedures adopted by NAESB, as well as through other industry organizations and initiatives. For example, NAESB uses D-U-N-S® numbers extensively throughout the WGQ standards to define organizations via a common code, and the retail quadrants are considering the use of D-U-N-S® numbers for similar functions. On the electric side, the Federal Energy Regulatory Commission (FERC) requires the use of D-U-N-S®

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numbers as the unique numerical identification of Open Access Same-time Information Systems (OASIS) participants and NERC uses the D-U-N-S® numbers in its Transmission System Information Networks (TSIN) registration process, for both OASIS and e-tag purposes.

Several NAESB members have reported difficulty obtaining D-U-N-S® numbers for a variety of reasons. Members have also reported that D & B is charging $99 to issue a new D-U-N-S® number immediately over the phone, but will issue new numbers at no cost to those processed within thirty days. In contrast, others have noted that special arrangements have been made for obtaining D-U-N-S® number in relation to reporting to the federal government. Several other industries have recently moved away from the use of D-U-N-S® numbers, including the retail and grocery industries. These industries have adopted alternative standards to the D-U-N-S® number.

With the high reliance on D-U-N-S® numbers in each of the quadrants, the impact of changing to a new numbering system is likely to be significant for all the processing and "back end" systems and the business implementation impacts (which would not be limited to the NAESB uses). The systems can be changed to use a new identifier at a cost per system that would vary by market participant. The business processes that support these transactions, the training and certification testing, legal agreements, etc… would all have to be updated at significant cost. Finally, all these changes would have to be implemented on a coordinated basis (all change at the same time).

As a result of the energy industry's extensive use of D-U-N-S® numbers, the challenges noted above, and the actions taken by other industries, the NAESB D-U-N-S® Task Force was formed during the September 2004 Executive Committee meetings for investigation into possible actions.

2. Use of D-U-N-S®

A. Wholesale Gas Quadrant Standards

The following is a list of usage specifications for entity codes (D-U-N-S® numbers or proprietary entity codes) in the NAESB WGQ standards:

- Entity codes are used to identify parties in transactions on a particular system or with interconnecting parties.
- Entity codes are used to identify government and other non-business type entities. Examples of the expanded use include: exchanging NAESB WGQ EDI ASCI X-12 transactions with FERC; submitting the Index of Customers to FERC; and obtaining a location common code from IHS.
- Entity codes are needed to uniquely identify an entity, specific to its locations, because entities involved in multiple transactions may need to be identified by the associated points of receipt / delivery that are unique by location.
- Entity codes are needed to uniquely identify an entity, including its divisions, because the contractual party may be at the division level or lower in the organization (e.g. down to a plant level at a particular location) and it needs to be uniquely identified.
- Although not a requirement, entity codes can help organizations uniquely identify an entity's functional roles.
- A central repository of entity codes is needed in some instances because some parties validate the entity common code against the data base of the organization that issues the common codes. Other organizations validate a common code against data in their own systems. Self-issuance of entity common codes is equivalent to the proprietary entity codes also in use by the WGQ.

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- Due to the nature of some transactions, issuance of an entity code should be instantaneous. However, there are other transactions where issuance on a longer time-frame would be acceptable.
- Entity common codes could be required for security purposes, depending on how the receiving party of the electronically submitted transaction identifies / validates (authenticates) the party submitting the transaction. If more rigorous security measures are required, entity common codes could become necessary.
- No additional system requirements for entity common codes are apparent at this time.

Adoption of D-U-N-S® Number as Entity Common Codes Identifier: On March 15, 1996, the Gas Industry Standards Board (GISB) (predecessor to NAESB) submitted a report to the FERC wherein the first 140 standards for the natural gas industry were transmitted. Specifically, the body of standards addressed the issues set forth by the Commission in the Advance Notice of Proposed Rulemaking in Docket No. RM96-1-000 (ANOPR). In that ANOPR, the Commission indicated a desire for "practical and workable standardized, streamlined business practices and procedures for the gas industry." Specifically, the Commission listed 10 High Priority Data Requirements (HPDRs), such as nominations, confirmations, imbalances, invoices and capacity release, for which they wanted standards developed. In response, GISB set up five Business Processes Subcommittee (BPS) task forces to work on the 10 HPDRs. One of the missions for all of the BPS groups was to utilize common codes for various pieces of data, business parties being one of them. Initially one principle and one standard were developed that directed the use of common codes that were currently under development. GISB ultimately determined that the D-U-N-S® number would be used as the common code for entities in the electronic data interchange (EDI) Accredited Standards Committee (ASC) X-12 data sets. It was later determined that common codes for entities should also be used on the interstate pipelines' Electronic Bulletin Boards (EBB).

In addition, FERC required interstate pipelines to make certain data sets available via both EDI ASC X-12 and EBB (e.g. capacity release offers and awards, reports, etc.). Accordingly the pipelines provided the applicable entity common codes in such data sets. Because of the nature of EDI ASC X-12, the initial design of the data sets did not include the transmission of the corresponding name. This made it difficult for parties to easily determine the parties being referenced without access to a cross reference index. So, for certain data sets, specifically capacity release transactions, the pipelines were required by FERC to also provide the corresponding names within the given capacity release data sets.

In Order 587-G, issued April 16, 1998, the Commission set forth the requirement that pipelines had to provide a cross reference table of the entity name corresponding to the D-U-N-S® number. In Order 587-G it was noted that D & B may not allow the pipelines to provide that kind of information as they, D & B, claimed the D-U-N-S® number was intellectual property. Furthermore, the D-U-N-S® number may not be sufficient because it is not assigned at the level of detail needed for transacting business, i.e., if one business has two plant locations or parties, depending on the corporate structure of that business, D & B may assign the same D-U-N-S® number and then use the address to differentiate them. Subsequent to Order 587-G, GISB negotiated an agreement for the GISB office to maintain a central repository website. Pipelines that could not provide a table that cross referenced entity common codes on their own websites could have their cross reference information posted on the GISB (now NAESB) central repository. According to the agreement between GISB and D & B, the information contained on the central repository website is limited to the name and the number and does not include the address. In order to obtain that level of information, D & B requires inquiry and payment of a fee directly to them.

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During the implementation of the D-U-N-S® number as the entity common code, it was recognized by many participants that not all entities had D-U-N-S® numbers and that some entities were even reluctant to obtain them. This was noted as a partial impediment to entry in to the market place. As a result, a request was filed at GISB (R97058) to allow for the use of proprietary entity codes when a party did not have a D-U-N-S® number. Initially modifications were made to the capacity release data sets to allow for the use of a proprietary entity code. Subsequently the following standards were adopted and are still in existence today. Accordingly, all the remaining data sets (non-capacity release) were modified to accommodate the use of proprietary entity codes:

Principle 0.1.1

An entity is a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing may be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions.

Principle 0.1.2

For NAESB WGQ purposes, there should be a unique entity common code for each entity name and there should be a unique entity name for each entity common code.

Standard 0.3.1

Entity common codes should be "legal entities", that is, Ultimate Location, Headquarters Location, and/or Single Location (in Dun & Bradstreet Corporation ("D&B") terms). However, in the following situations, a Branch Location (in D&B terms) can also be an entity common code:

1. when the contracting party provides a D-U-N-S® Number at the Branch Location level; or

2. to accommodate accounting for an entity that is identified at the Branch Location level.

Standard 0.3.2

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

There are currently 49 data sets in NAESB WGQ Version 1.7, with more being developed. Currently there are 27 data elements that identify entities in one or more of these data sets. In all cases, the WGQ has successfully accommodated the use of either the D-U-N-S® number or the proprietary entity code. Because the common code (D-U-N-S® Number) and the proprietary entity code are different data elements, the recipient of the document can determine which type of code is being transmitted. Also, the field size for the data elements in all the data sets is large enough (17 digits) to accommodate either the D-U-N-S® + 4 (even though the D-U-N-S® + 4 was not adopted as the standardized common code) or the proprietary entity code. Additionally, in the EDI ASC X-12 transmission, the common code for entities is used to identify and verify the parties communicating with one another.

Challenges Faced by the Wholesale Gas Industry in Using D-U-N-S® numbers: The WGQ has the most experience using D-U-N-S® numbers in the context of NAESB standards and has been able to modify its standards to accommodate any problems associated with obtaining and using DUNS

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numbers. The cost to change to or cross reference an alternate entity codes is expected to be greater than the benefit of moving to a different coding structure. Complaints from NAESB members regarding D & B's changes in long-standing policies have come from persons using these standards. Examples of these complaints include:

- the current 30-day timeline for obtaining a D-U-N-S® number increases the costs associated with records maintenance, since records must be updated in 30 days when D-U-N-S® number are received;
- D & B does not recognize entities that are not separate financial entities, so individual D-U-N-S® numbers are not issued for organizations operating under assumed names (i.e. DBAs) and primary company D-U-N-S® numbers are often used instead;
- the impact of using primary company D-U-N-S® numbers for subsidiaries and/or individual business units operating as DBAs will increase as businesses increase their reliance on EDI transactions, including EDI confirmations, because EDI transaction require a unique company identifier; and
- organizations have integrated the use of D-U-N-S® numbers, but a more efficient system could provide benefits.

B. Wholesale Electric Quadrant Standards:

The following is a list of usage specifications for entity common codes (D-U-N-S® numbers) in the NAESB WEQ standards:

- D-U-N-S® numbers are used as the unique numerical identification of OASIS participants and NERC has adopted use of D-U-N-S® numbers for transmission scheduling purposes through e-tags. The use is also reflected in the NAESB "Version 0" standards that complement the NERC reliability standards.
- Government and observers (including vendors) also have D-U-N-S® numbers. For example, the D-U-N-S® number for FERC is 037760097.
- D-U-N-S® number is not used to uniquely identify divisions within an entity or functional roles within an entity.
- A central repository or registry for entity codes is preferable, because self-issuance could be less efficient for purposes of sharing and validation of entity information and could result in some duplication.
- Issuance of a D-U-N-S® number on the same day would be preferred.
- D-U-N-S® numbers are used for the validation process and are screened for security purposes.
- Validations of common codes would support contract compliance and billing purposes.
- Additional system requirements are likely due to needs for increased security in OASIS and e-tags.

Adoption of D-U-N-S® Number as Entity Common Codes Identifier: The OASIS is the system designed to facilitate electric industry transmission transactions. In developing Order 889 for the electric industry, FERC reflected on their experience with implementing standards for file transfers and electronic bulletin boards in the gas industry and determined that "use of a common system of identifying companies enhances the efficiency of data transfers." FERC was satisfied with the

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results of using D-U-N-S® numbers as the standard to uniquely identify pipelines and shippers in the natural gas transactions and proposed to require the use of D-U-N-S® numbers to identify transmission-owning utilities and customers on OASIS nodes. There was a suggestion to use the numbering system found in the Energy Information Administration forms, EIA-861 and EIA-867, in the event that an external entity, such as D & B, would become disinterested in maintaining their commitment to FERC. The "How" group, the industry group working on OASIS, agreed that use of D-U-N-S® numbers enhances the management of data and allows flexibility of business applications of OASIS in the future. Since the "How" group supported the use of common names as more user friendly, they proposed that the list of names and D-U-N-S® numbers be maintained in a centralized registry.

FERC subsequently adopted D-U-N-S® numbers as the unique numerical identification of OASIS participants and arranged with D & B to assign D-U-N-S® numbers, free of charge, to any entity requesting a D-U-N-S® number. An October 14, 1996 D&B internal memo discusses D&B's original arrangements with FERC, for entities to be numbered according to their function. That is, the SIC codes and code extensions that went out in the original D&B internal guidelines for issue of D-U-N-S® numbers for purposes of the FERC requirement, were as follows:

1) Power Generation - 4911[SIC] 9902[extension]

2) Transmission Provider (interstate or intrastate) - 4911 9903

3) Power Marketing (brokering) - 4911 9904

Meanwhile, in 1998, NERC adopted the D-U-N-S® numbers for identifying entities listed on e-tags. E-tags are associated with transmission schedules and can be tied back to the transmission transaction for verification purposes. The key for OASIS and e-tags is that by maintaining the list of names and D-U-N-S® numbers on a central registry, currently TSIN.com for the electric industry, it is possible for all industry participants to view the lists and therefore validate information associated with OASIS and/or e-tag transactions.

Challenges Faced by the Wholesale Electric Industry in Using D-U-N-S® numbers: D&B periodically reviews and updates its database of D-U-N-S® numbers based on various criteria. This review, coupled with a lack of adequate notice of changes to the database and changes to D&B policy with respect to assignment of numbers and fees charged, has negatively affected the wholesale electric industry. For example, in October 1998, D&B modified its database and started deleting multiple D-U-N-S® numbers per company without notifying the companies. D&B also discontinued using the extension numbers that identified the functional role of the entity within a company. Around that same time, the original D&B contact for the electric industry left D&B and no one at D&B remembered the agreement made with the electric industry to support OASIS. However, another Memorandum of Understanding was forged between the electric industry and D&B in 1999. In 2003, the D&B contact for the electric industry left D&B and D&B's database was modified again.

NAESB is currently working with NERC on modifications to the TSIN.com registry. This provides an excellent opportunity for the wholesale electric industry to either approach D&B once again to lock in an understanding with regard to use of D-U-N-S® numbers or to switch to another type of numbering system.

C. Retail Gas and Retail Electric Quadrant Model Business Practices:

The following is a list of usage specifications for entity common codes (D-U-N-S®+4) proposed for use by the retail electric and gas quadrants:

- D-U-N-S®+4 is commonly used as the unique numerical identification of trading partners and business entities in trading partner agreements and implementing guides.

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- D-U-N-S®+4 is commonly used as the unique numerical identification of trading partners and business entities in back end billing and customer systems.

Adoption of D-U-N-S®+4 as Entity Common Codes Identifier: The Retail Electric Deregulation Working Groups in California and Massachusetts were the first states to adopt and implement EDI transactions. The working groups decided to use D-U-N-S® numbers as the entity common code in the EDI transactions, because D-U-N-S® numbers were used in existing EDI implementations and commerce transactions. In fact, most Utilities had been using D-U-N-S® numbers as an EDI identifier in supply chain transactions, purchases and payments for inventory and materials since the mid to late 1980s. Additionally, many of the Utilities had experience using D-U-N-S® numbers as an identifier for natural gas transactions using the GISB (now NAESB) standards. In 1998, another group of states, including Pennsylvania, Maine, Rhode Island, New York, Illinois, Oregon, Michigan, and Arizona, became active in the electric deregulation arena, due to state legislation and regulatory orders. Representatives from these states worked together with the Utility Industry Group to confirm the use of standard electronic transactions to exchange information. However, these state working groups began using an expanded D-U-N-S® number, or D-U-N-S®+4, in response to many states allowing one company to operate as affiliated retailers or multiple retailers. The D-U-N-S®+4 accommodates one financial entity operating as multiple trading partners. The D-U-N-S® +4 became the accepted identifier for many electric retail markets and was approved by various state regulators. In late 1999, the Coalition for Uniform Business Rules reaffirmed and documented consistent business rules for Retail Electric deregulation and adopted the D-U-N-S®+4 as the common trading partner identifier.

As indicated above, most states implementing Retail Electric Deregulation have been using the D-U-N-S®+4, as the 13 digit identifier for the trading partner or business entity and include this requirement in trading partner agreements and implementation guides. As a result, systems that support Electronic Business Transactions and "back end" Billing and Customer systems have incorporated the D-U-N-S®+4 as the identifier for a trading partner and rely on this identifier for transaction processing.

Impact of a New Identifier or Not Allowing Use of D-U-N-S®+4: There has been some movement toward creating a new universal identifier for business entities or trading partners for e-business transactions. The impact of this change is likely to be significant, for all the processing and "back end" systems and the business implementation impacts (which would not be limited to the NAESB uses). The systems can be changed to use a new identifier at a cost per system that would vary by market participant. The business processes that support these transactions, the training and certification testing, legal agreements, etc… would all have to be updated at significant cost. Finally, all these changes would have to be implemented on a coordinated basis (all change at the same time) which represents significant risk to our Retail Electric markets.

The D-U-N-S®+4 as a trading partner identifier is tightly coupled into systems and business practices that support Retail Electric Deregulation and requiring a change to this identifier would represent significant cost and risk to our markets.

3. Other Standards Organizations' Experience and Responses

NAESB and the energy industry are not alone in experiencing the impacts from D & B's changes in policy. GS1-US (formerly the Uniform Code Council), the Data Interchange Standards Association, and the Federal Energy Regulatory Commission have informed NAESB of changes that they have made to datasets, standards, and procedures to mitigate impacts to their standards and procedures.

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A. GS1-US

GS1-US (formerly the Uniform Code Council) is an international standards organization that is best known for introducing the universal product codes on all of our consumer products. Recently, the UCC has implemented the European Global Locator Number (GLN) as an alternative to the D-U-N-S® numbering system in several data sets. GLN was introduced to North America three years ago and continues to gain acceptance. While the use of D-U-N-S® is still the driver in the credit industry, GLN is gaining popularity in supply chain and electronic commerce applications as a supplement or replacement for D-U-N-S®+4. The GLN is an open, global standard that supports 23 major industries conducting business in 141 nations.

The GLN is built on the same premise as the universal product codes (UPC). GS1-US manages the UPC process by assigning a company prefix[1] to member organizations and then the individual companies complete the 13-digit number by assigning location reference numbers and a calculated check-digit[2]. As an alternative for organizations that do not have a GIS number, GS1-US will assign a unique 13-digit GLN number for a yearly charge of $50. The GLN is unique in that it can identify both legal entities (e.g., an affiliate) and functional entities (e.g., an accounting department). There is no central registry of numbers since each company is responsible for maintaining and communicating its own numbering based on its assigned prefix.

There are several key advantages to the GLN number, including:

- The GLN is administered by a not-for-profit standards organization.
- The GLN can be used throughout the world with no need for trading partners to assign proprietary numbers to ensure uniqueness.
- GLN may be assigned to any location insuring ultimate flexibility of a system to meet the needs and requirements of all businesses anywhere in the world.
- The GLN includes a check digit for data integrity.
- The non-significant characteristic of the GLN allows any location to be identified for any company regardless of its activity anywhere in the world.

The efficiency benefits of using the GLN can be seen through the recent experiences of the health care industry and the Coalition for Health Care Electronic Standards (CHCES). CHCES was very active in promoting the adoption of the GLN standard to facilitate electronic transactions in the health care industry, and is working collaboratively with GS1-US to establish a central GLN registry for the industry.

B. Data Interchange Standards Association (DISA):

The Data Interchange Standards Association (DISA) is a non-profit organization that develops electronic data interchange standards and is the source of X12 EDI and XML standards.

It was through DISA X12's ANSI approved process, that GS1-US amended X12 Data Sets 894, 896, and 871 (DM0565204) to accommodate the needs of the retail goods and grocery industries by adding GLN as an alternative 13-digit location code. This amendment became final in late 2004. There are no other efforts currently underway at DISA to make similar changes to other data sets.

[1] The company prefix is generally referred to as a GIS number. The fee for assignment and maintenance of the GIS number is relational to organizational size and potential uses.
[2] The company prefix is between 6 and 10 digits. The locational reference is between 3 and 7 digits and can identify particular affiliates, divisions, departments, products or services.

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C. FERC Electric Quarterly Report:

Barbara Bourque of FERC, the coordinator of the Electric Quarterly Report (EQR) Users Group for the Commission, told NAESB the main challenge in using D-U-N-S® numbers was that companies submitting data to FERC were using the wrong D-U-N-S® number for themselves and their trading partners. To solve this, users had to refile past data using the correct D-U-N-S® number for their company. The FERC EQR Users Group is working on a query system that will allow filers to check that they have the correct D-U-N-S® number for their trading partner. The EQR does not require multiple D-U-N-S® numbers for companies so the users have not been reporting problems similar to those NAESB members have reported.

FERC staff reported to NAESB that D&B has a separate 800 number to call to obtain D-U-N-S® numbers for no charge if an entity is required by a regulatory agency to register with the federal government. Any company required by a regulatory agency to register with the federal government and in the process of that registration, identifies itself with a D-U-N-S® number to the federal entity, can get a free instant D-U-N-S® number by calling 866-705-5711.

4. Conclusions of Task Force

The use of entity common code identifiers is essential to the electronic transaction of business in the natural gas and electric industries. Through various different means, noted above, each of the industries has grown to rely on D&B to supply entity common codes, either through the D-U-N-S® number or D-U-N-S®+4. Additionally, each of the industries has marginally different requirements for entity common codes, and each has had different experiences in working with D&B in the assigning and obtaining D-U-N-S® numbers.

Because the quadrants are in various states of standards adoption, each quadrant may choose different approaches to common coding for company or organization identifiers. The need of the quadrant and the problems currently experienced or expected in the continued use of D-U-N-S® numbers, weighed by the cost of changing or cross referencing existing systems to a different coding system for company or organization identifiers are the factors that lead to the conclusions stated.

- For the WGQ, the decision to remain with D-U-N-S® numbers was reached because the NAESB standards have been modified to accommodate any problems encountered with obtaining or using D-U-N-S® numbers. Further, the cost to change to or cross reference an alternate entity code is expected to be greater than the benefit of moving to a different coding structure. If the problems are exacerbated in the future or if more rigorous security measures are required, an alternative entity common code structure could become necessary and this recommendation (for no change at this time) should be revisited.
- For the retail quadrants, the decision to remain with D-U-N-S® numbers was reached because the retail market has not developed as expected, and for those states where the retail markets are employing common procedures needing company or organization identifiers, the problems experienced by the use of D-U-N-S® numbers do not warrant the cost of changing or cross-referencing to a new system.
- For the WEQ, there may be value in considering an alternative entity common code that could provide benefits to the wholesale electric industry and address concerns that NAESB members, industry participant, and the FERC have with the continued use of D-U-N-S® numbers. Specifically, the electric industry should take into consideration the need to assign and maintain entity common codes that are significant to transactions and to reflect the different functions that organizations perform within the stream of commerce or other registry concerns. The ultimate choice of entity common codes for the electric industry should permit the NAESB standards to evolve with regulatory and functional trends without the administrative risks associated with relying on a third-party provider. Therefore, the

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task force recommends that NAESB collaborate with NERC to jointly determine if an alternative numbering system would be a better fit for its needs than the currently employed D-U-N-S® numbers. Benefits of any change should be weighed against the costs and risks of such change, not only to NAESB users, but also to external systems that may reference the common codes. If it is determined to stay with D&B, then the task force recommends that NAESB and NERC pursue the creation of an agreement with D&B that would meet the WEQ needs, including codes that would support the NERC Functional Model.

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TO: Posting on NAESB Web Site

FROM: Rae McQuade, NAESB Executive Director

RE: Board Resource Committee – Named Board Members

DATE: June 3, 2005

Gloria Ogenyi is the Chair and Scott Brown is the Vice Chair of the Board Resource Committee. The named Board members that comprise the Board Resource Committee are as follows:

Name	Organization	Quadrant	Phone	Email
Scott Brown	Exelon Corporation	WEQ	202-347-8096	scott.brown@exeloncorp.com
Michael Desselle	American Electric Power	WEQ	214-777-1083	mddesselle@aep.com
Mike Grim	TXU Business Services	WEQ	214-875-9595	mike.grim@txu.com
Leonard Haynes	Southern Company	REQ	404-506-0206	ljhaynes@southernco.com
Bill Hebenstreit	El Paso Production Company	WGQ	713-420-3474	bill.hebenstreit@elpaso.com
Ruth Kiselewich *	Baltimore Gas & Electric	REQ	410-265-4003	ruth.c.kiselewich@bge.com
Mark Maassel	NiSource	RGQ	219-647-6400	mtmaassel@nisource.com
Mike Novak *	National Fuel Gas Distribution	RGQ	716-857-7884	novakm@natfuel.com
Gloria Ogenyi	Conectiv Energy	WEQ	302-451-5365	gloria.ogenyi@conectiv.com
Joseph Stepenovitch	Florida Reliability Coordinating Council	WGQ	813-289-5644	joestep@frcc.com
Jim Templeton	Comprehensive Energy Services	WGQ	713-759-6999	jtemplton@aol.com

* Executive Committee member invited to participate by Chair Mark Maassel.

North American Energy Standards Board Membership List
As of January 12, 2006

NAESB Membership Report - Quadrant/Segment Membership Analysis		Number of Members
WGQ Segments	**Total**	**123**
	End Users	18
	Distributors	24
	Pipelines	40
	Producers	14
	Services	27
REQ Segments	**TOTAL**	**29**
	End Users	5
	Distributors	13
	Services	5
	Suppliers	5
RGQ Segments	**TOTAL**	**27**
	End Users	3
	Distributors	12
	Services	6
	Suppliers	6
WEQ Segments	**TOTAL**	**139**
	End Users	13
	Distributors	23
	Transmission	43
	Generation	31
	Marketers	25
	None Specified	4

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Quadrant		Organization	Segment	Contact	Sub-Segment
Retail Electric Quadrant:	1	Alabama Power	d	Judy W. Ray, Yvette Camp	
	2	Ameren Services Company	d	Patrick Eynon	
	3	Baltimore Gas & Electric Co.	d	Ruth Kiselewich, John Magwood	
	4	Calpine Energy Services, LP	su	Janet Dixon	
	5	Cinergy Services, Inc.	d	Paul K. Jett	
	6	Consolidated Edison Company of NY	d	Hollis Krieger	
	7	Constellation NewEnergy, Inc.	d	Sara O'Neill, Peter Kelly-Detwiler, Jansen Pollock	
	8	Defense Energy Support Center	e	Lisa Robert	
	9	Direct Energy Business Services	su	David Booty	
	10	Dominion Retail	su	William Barkas, Richard Zelenko	
	11	Dominion Virginia Power	d	David F. Koogler, Mary Edwards	
	12	EC Power International	s	Judy Bailey, J. Cade Burks, Jennifer Teel	
	13	Electric Reliability Council of Texas (ERCOT)	s	Sam R. Jones, Rob Connell, Ray Giuliani	
	14	Exelon Energy Delivery	d	Toni Garza	
	15	Gulf Power Company	d	Joel Thomas Kilgore	
	16	MidAmerican Energy	d	James E. Wilson	
	17	Mississippi Power Company	d	Dorman Davis	
	18	Office of Public Advocate, State of Maine	e	Barbara Alexander	
	19	Ohio Consumers Council	e	Randy Corbin	
	20	Pennsylvania Office Of Consumer Advocate	e	Tanya J. McCloskey, Sonny A. Popowsky	
	21	PPL Solutions, LLC	s	James M. Minneman	
	22	Public Service Electric & Gas	d	Terrence Moran	
	23	Savannah Electric and Power Company	d	Osman Bholat	
	24	Southern Company Services	s	Mark S. Jarrett, Yvette Camp	
	25	Structure Group	s	Stacey Wood	
	26	TXU Energy Retail	su	Felecia Lokey	
	27	Wal-Mart Stores, Inc.	e	Angela Beehler	
	27	Wisconsin Public Service Corporation	d	William L. Bourbonnais, Les Nishida, Ken Thiry	

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Quadrant		Organization	Segment	Contact	Sub-Segment
Wholesale Gas Quadrant:	1	8760	s	Jim Buccigross	
	2	AEP Energy Services, Inc.	s	Cathy Szasz	
	3	Alliance Pipeline LP	pl	Neil Coghlan	
	4	Ameren Corporation	l	Scott Glaeser	
	5	Anadarko Energy Services Company	s	John Bretz, Steve Abbey	
	6	Apache Corporation	pr	Michele Markey	
	7	Arizona Public Service Company	e	Gary Duede, Kelly Daly, Curt Brechtel	
	8	Atmos Energy	pl	Steve Easley	
	9	Ballard Natural Gas, LLC	s	Susan Thibodeaux	
	10	Baltimore Gas & Electric Co.	l	Phil Precht	
	11	Barclays Bank PLC	s	Guy Kern-Martin	
	12	BG LNG Services, LLC	s	Martha Braddy	
	13	Boeing Co., The	e	Tina Burnett	
	14	BP Energy	pr	Bill Benham, Lauren Kaestner	
	15	Bridgeline Gas Marketing	pl	Georgia Blanchard	
	16	Burlington Resources	pr	Paul Keeler	
	17	Calpine Energy Services, LP	e	Janet Dixon, Craig Chancellor	
	18	Cargill Incorporated	s	Kathy Gerken	
	19	Cascade Natural Gas Corporation	l	Mark Sellers-Vaughn	
	20	CenterPoint Energy Gas Resources Corp.	s	James G. Beste	
	21	CenterPoint Energy Gas Transmission Company	pl	Larry Thomas	
	22	CenterPoint Energy Mississippi River Transmission Corporation	pl	Robert Trost	
	23	Chandeleur Pipe Line Company	pl	Janice E. Rogers	
	24	Chevron/Texaco	pr	Randy Mills	
	25	Cimarex Energy Co.	pr	Kim King	
	26	Cinergy - regulated	e	John Procario	
	27	Cinergy	e	Marty Patterson	
	28	Cinergy Marketing and Trading	s	Maribeth Bedevian	
	29	Columbia Gas Transmission	pl	Carl Levander	
	30	Comprehensive Energy Services	e	Jim Templeton	
	31	ConocoPhillips Gas and Power	pr	Peter Frost	

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Quadrant		Organization	Segment	Contact	Sub-Segment
	32	Consolidated Edison Company of NY	l	Mary Jane McCartney, James Stanzione	
	33	Constellation Commodities Group, Inc.	s	Robert McKay	
	34	Dauphin Island Gathering Partners	pl	Katie Rice	
	35	Defense Energy Support Center	e	Veronica Jones, Kevin Ahern	
	36	Department of Energy	e	Christopher Freitas	
	37	Dominion Exploration and Production, Inc.	pr	David Ogden, Gary Weaver, Sheri Heslington	
	38	Dominion Resources	l	Craig Columbo	
	39	Dominion Transmission, Inc.	pl	Gary Sypolt, Iris King	
	40	Duke Energy Gas Transmission - Texas Eastern	pl	Richard Kruse	
	41	El Paso Natural Gas	pl	William Griffith	
	42	El Paso Production Company	pr	Bill Hebenstreit	
	43	Enbridge Energy Company, Inc.	pl	Terry McGill	
	44	EnCana Marketing (USA) Inc.	s	Keith Sappenfield	
	45	EnCana Corporation	pr	Keith Sappenfield	
	49	Energy East Management Corporation	l	Marjorie Perlman	
	47	Entergy Services, Inc.	e	Arlynn Kelleher, Terry Shields	
	48	Enterprise Products Partners L.P.	pl	Richard W. Porter	
	49	Equitable Gas Company	l	Steve Rafferty	
	50	Equitrans, L.P.	pl	Mina Speicher	
	51	ExxonMobil Gas Marketing	pr	Richard Smith	
	52	Florida Power & Light Company	e	Dona Gussow	
	53	Florida Reliability coordinating Council	e	Joe Stepenovitch	
	54	Gas Transmission Northwest Corp.	pl	Jay Story	
	55	Great Lakes Gas Transmission	pl	Gene Fava	
	56	Group 8760	S	Jim Buccigross	
	57	Gulf South Pipeline	pl	Claire Burum, Randy Young	
	58	H S Resources Inc.	pl	Carol Hall	
	59	Imperial Irrigation District	e	William Rapp	
	60	Iroquois Gas Transmission System	pl	Tom Gwilliam	
	61	Kern River Gas Transmission Company	pl	Janie Nielsen	
	62	Kerr-McGee Oil and Gas Corporation	pr	Charles (Chuck) Johnson	
	63	Key Span Energy	l	Dolores Chezar	

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Quadrant		Organization	Segment	Contact	Sub-Segment
	64	Laclede Gas Co.	l	Kenneth Neises	
	65	Latitude Technologies	s	Leigh Spangler	
	66	Louis Dreyfus Energy Services	s	Mary Ellen Bell, Ruby H. Melton	
	67	Lower Colorado River Authority	e	Mickey Bell	
	68	Marathon Oil Company	pr	Robin Perrine	
	69	Mewbourne Oil Company	pr	Michael F. Shepard	
	70	National Fuel Gas Distribution	l	Michael Novak	
	71	National Fuel Gas Supply Corp.	pl	Joseph Kardas	
	72	Natural Gas Pipeline Co of America	pl	Paul Love	
	73	New Jersey Natural Gas Company	l	Douglas C. Rudd	
	74	Niagara Mohawk Power Corporation	l	Bruce Garcy	
	75	Nicor Gas	l	Mary Wolosek, Shirley Holmes	
	76	NiSource Inc.	l	George Simmons	
	77	NJR Energy Services Company	s	Ginger Richman	
	78	Northern Natural Gas	pl	Mary Darveaux	
	79	Northern Plains Natural Gas Co., LLC	pl	Scott Coburn	
	80	Northwest Natural Gas Company	l	Randolph Friedman	
	81	NOVA Gas Transmission Ltd.	pl	Doug Miller	
	82	Occidental Energy Marketing Inc. (OEMI)	pr	Melinda Duncan	
	83	Oxadel Consulting, LLC	s	Lyn Maddox	
	84	Pacific Gas & Electric	l	John Breen	
	85	Panhandle Eastern Pipe Line	pl	William Grygar, Kim Van Pelt	
	86	PECO Energy Co.	l	Reed R. Horting, Amy Hamilton	
	87	Pemex Gas Y Petroquimica Basica	s	Juan Enrique Gonzalez Azuara	
	88	Peoples Gas Light & Coke Co.	l	Tom Zack	
	89	Platts	s	Bill Murphy	
	90	Portland General Electric	pl	Kathy Davies	
	91	Portland Natural Gas Transmission System	pl	David Haag	
	92	Powerex Corp.	s	Sharole Tylor	
	93	PPL EnergyPlus, LLC	e	Anne Lovett	
	94	Public Service Electric & Gas	l	David Wohlfarth	
	95	Questar Pipeline Co.	pl	Scott Hansen	
	96	Quorum Business Solutions Inc.	s	Douglas Allen	

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Quadrant		Organization	Segment	Contact	Sub-Segment
	97	Sabine Pipe Line LLC	pl	Jan Rogers	
	98	Salt River Project Agricultural Improvement & Power District	e	Diane McVicker	
	99	SCANA Corporation	pl	Jacquelyn Gettle	
	100	Sempra Energy - Southern California Gas Co.	l	Lee Stewart, Rodger Schwecke	
	101	Sequent Energy Management, L.P.	s	Pat Metteauer	
	102	Shell Gas Transmission, LLC	pl	Chuck Cook, Neal Gerstandt	
	103	SolArc Inc.	s	Tim Curtis	
	104	Southern California Edison Company	e	Roman Bakke	
	105	Southern Company Services, Inc.	e	Carl Haga	
	106	Southern Natural Gas Co.	pl	Renee Hyde, Ronnie L. Martin	
	107	Southern Star Central Gas Pipeline	pl	James L. Harder, Dale Sanders	
	108	Southwest Gas Corporation	l	Larry Black	
	109	SunGard	s	Jennifer Chen	
	110	Telvent	s	William (Bill) Morrow	
	111	Tennessee Gas Pipeline Company	pl	Larry Smith, Mark Gracey	
	112	Tennessee Valley Authority	e	Valerie Crockett	
	113	Texas Gas Transmission, LLC	pl	Jeff Bittel	
	114	Tiger Natural Gas	s	Bob Smith	
	115	TransCanada Pipelines	pl	Doug Miller	
	116	Trinity Apex Systems	s	Richard (Dick) Couron	
	117	UBS Energy LLC	s	Suzanne Calcagno	
	118	Vector Pipeline L.P.	pl	Amy Bruhn	
	119	Washington Gas Light Co.	l	Adrian Chapman, Ken Yagelski	
	120	Westfield Gas & Electric Light Dept.	l	Joyce Bodak	
	121	Williams Gas Pipeline	pl	Dale Davis, Ron Mucci	
	122	Williston Basin Interstate Pipeline	pl	Keith Tiggelaar	
	123	Wisconsin Public Service Corporation	l	Patrick Fox	
Wholesale Electric Quadrant:	1	ACES Power Marketing LLC	m	Roy J. True	muni
	2	Alabama Electric Cooperative, Inc.	d	Kenneth J. Skroback	muni
	3	Ameren Services	m	Shawn Schukar	iou
	4	American Electric Power Service Corp.	m	Barbara Radous, Joseph Hartsoe, Phil Cox	iou

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Quadrant		Organization	Segment	Contact	Sub-Segment
	5	American Electric Power Service Corp.	t	John Stough, Michael Desselle	iou
	6	American Municipal Power - Ohio, Inc.	d	Pat Frazier, Chris Norton	muni
	7	American Public Power Association	d	Allen Mosher	muni
	8	American Transmission Company LLC	t	Julie Voeck	itc
	9	Aquila, Inc.	g	Greg Emery	iou
	10	Arizona Public Service Company	t	Mark W. Hackney	iou
	11	Basin Electric Power Cooperative	t	Dan Klempel	muni
	12	Basin Electric Power Cooperative	m	David Raatz	nd
	13	Basin Electric Power Cooperative	g	Jason Doerr	muni
	14	Boeing Company	e	Steve LaFond	lind
	15	Bonneville Power Administration	d	Sydney D. Berwager	other
	16	Bonneville Power Administration	g	Francis Halpin	fed
	17	Bonneville Power Administration	m	Brenda Anderson	fed
	18	Bonneville Power Administration	t	Barbara Rehman	fed
	19	BP America Inc.	e	Jeanne Zaiontz	lind
	20	Calpine Corporation	g	William Taylor, Jim Stanton	merc
	21	Central Electric Power Cooperative	d	Arthur Fusco	muni
	22	ChevronTexaco Energy Research and Technology	e	Carol Guthrie	sgen
	23	Cinergy (regulated)	e	John Procario	endues
	24	Cinergy	g	Walt Yeager	iou
	25	Cinergy	m	Walt Yeager	iou
	26	Cleco Power, LLC	t	Keith Comeaux	iou
	27	Comprehensive Energy Services	e	Jim Templeton	enduse
	28	Conectiv Energy Supply, Inc.	g	Gloria Ogenyi	merc
	29	Conectiv Energy Supply, Inc.	m	Gloria Ogenyi	iou
	30	Consolidated Edison Company of New York, Inc.	t	Scott Butler	iou
	31	Constellation Generation Group	g	Michael Gildea	merc
	32	Consumers Energy Company	d	Andrew C. Dotterweich, Frank Johnson	iou
	33	Consumers Energy Company	g	Steven L. Gaarde, Andrew C. Dotterweich, John J. Dellas	iou
	34	Dairyland Power Cooperative	t	Chuck Callies	muni
	35	Department of the Interior, Bureau of Reclamation	g	Deborah M. Linke	fed
	36	Dominion Energy Marketing, Inc.	g	Lou Oberski	iou

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Quadrant		Organization	Segment	Contact	Sub-Segment
	37	Duke Energy Corp.	d	Ollie Frazier	iou
	38	Dynegy Power Marketing, Inc.	g	Barry Huddleston	merc
	39	Edison Electric Institute	n	David Owens, Dave Dworzak	N
	40	Edison Mission Marketing & Trading, Inc.	g	William Roberts	merc
	41	Electric Reliability Council of Texas (ERCOT)	n	Sam R. Jones, Ray Giuliani	n
	42	ElectriCities of North Carolina (North Carolina Eastern Municipal Power Agency)	g	Gregory Locke	muni
	43	Electricity Consumers Resource Council (ELCON)	e	John Anderson, John Hughes	lind
	44	Empire District Electric Company, The	t	Bary K. Warren	iou
	45	Energy East Management Corporation	t	Marjorie Perlman	iou
	46	Entergy Services, Inc.	t	Edward J. Davis	iou
	47	Entergy Services, Inc.	m	James M. (Jimmy) Smith	iou
	48	Exelon Corporation - PECO Energy	d	John F. Leonard, Jr.	iou
	49	Exelon Generation - Power Team	m	Jack Crowley	iou
	50	ExxonMobil Gas Marketing	e	Steve Sayuk, Mark Scheel, Mark Ulrich	sgen
	51	FirstEnergy Solutions Corp.	m	Edward C. Stein	iou
	52	Florida Municipal Power Agency	g	Robert C. Williams	muni
	53	Florida Municipal Power Agency	d	Steven H. McElhaney	muni
	54	Florida Power & Light Company	m	Gerry Yupp, Raleigh Nobles	iou
	55	Florida Power & Light Company	t	Marty Mennes	iou
	56	Florida Reliability Coordinating Council	t	Linda D. Campbell	at large
	57	Georgia Transmission Corporation	t	Patrick McGovern, Mark Temple	muni
	58	Hydro – Quebec Transenergie	t	Victor Bissonnette	fed
	59	Idaho Power Company	t	Robert Gumm	iou
	60	Imperial Irrigation District	m	Kim M. Kiener, Frank M. Barbera	muni
	61	Imperial Irrigation District	t	Juan Carlos Sandoval, Javier Esparza	muni
	62	Indiana Muncipal Power Agency	g	Dick Foltz	muni
	63	International Transmission Company	t	Jim D. Cyrulewski	itc
	64	Maryland Peoples Counsel	e	Mike Tomczak	
	65	Michigan Electric Transmission Company LLC	t	Charles V. Waits	itc

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Quadrant		Organization	Segment	Contact	Sub-Segment
	66	Michigan Public Power Agency	d	James R. Nickel, Daniel E. Cooper	muni
	67	Midwest Independent TransmissionSystem Operator+J96	n	William (Bill) Phillips	n
	68	Minneapolis Consulting Group	e	Mike Prickett	endues
	69	Missouri River Energy Services	d	Brian Zavesky	muni
	70	Modesto Irrigation District	t	Roger Van Hoy	muni
	71	National Association of Regulatory Utility Commissioners	e	Lou Ann Westerfield	reg
	72	National Grid USA	t	Herbert Schrayshuen, Peter Flynn, Mary Ellen Paravalos	itc
	73	National Rural Electric Cooperative Assoc.	d	Barry Lawson	muni/coop
	74	Navigant Consulting, Inc.	m	Richard G. Smead	at large
	75	New York State Dept. of Public Service	e	William Heinrich	reg
	76	New York State Reliability Council	d	P. Donald Raymond	at large
	77	North American Electric Reliability Council	d	Donald M. Benjamin, Larry Kezele, Tom Vandervort, Bill Blevins	at large
	78	North Carolina Electric Membership Corporation	d	David Beam	muni
	79	North Carolina Electric Municipal Power Agency #1	m	Clay A. Norris	muni
	80	North Carolina Electric Municipal Power Agency #1	d	Andrew Fusco	muni
	81	Northeast Utilities Service Company	t	David Boguslawski, Calvin A. Bowie	iou
	82	Oglethorpe Power Corporation	g	Billy Ussery	muni
	83	Ohio Consumers' Counsel	e	Randy Corbin	comres
	84	Ontario Power Generation	g	Barry Green	merc
	85	Ontario Power Generation	m	Rob Robinson	niou
	86	Open Access Technology International, Inc.	e	Kevin Burns	at large
	87	Open Access Technology International, Inc.	t	Paul R. Sorenson	at large
	88	Otter Tail Power Company	t	Daryl Hanson, Larry Larson	iou
	89	PacifiCorp	m	Edison G. Elizeh	iou
	90	PacifiCorp	g	Greg Maxfield	iou
	91	PacifiCorp	t	Jim Hicks, Mark Maher	iou
	92	PHI Power Delivery	t	Ken Gates	iou
	93	Platte River Power Authority	t	Terry L. Baker	muni
	94	Portland General Electric	m	Terri Peschka	iou

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Quadrant		Organization	Segment	Contact	Sub-Segment
	95	PPL Electric Utilities Corporation	t	Ray Mammarella	iou
	96	Progress Energy (Regulated)	m	James Eckelkamp	iou
	97	Progress Energy	t	Verne Ingersoll, Phillip W. Lewis	iou
	98	PSEG Power LLC	g	Thomas M. Piascik	merc
	99	PSEG Energy Resources and Trade LLC	m	James D. Hebson	io
	100	Public Service Electric and Gas Company	d	Colin J. Loxley	iou
	101	Public Service Electric and Gas Company	t	Jeffrey C. Mueller	iou
	102	Puget Sound Energy, Inc.	t	George Marshall, Bob Harshbarger	niou
	103	Qualedi, Inc.	g	Stephen A. Morocco	at large
	104	Sacramento Municipal Utility District	d	Robert D. Schwermann	muni
	105	Sacramento Municipal Utility District	g	Thomas Ingwers	muni
	106	Salt River Project Agricultural Improvement and Power District	d	Wendy Weathers, Mark B. Bonsall	other
	107	Salt River Project Agricultural Improvement and Power District	t	Steve Cobb	fed
	108	Seminole Electric Cooperative, Inc.	g	Lane Mahaffey	muni
	109	Southeastern Power Administration	g	Bob Goss	fed
	110	Southern California Edison	t	Weston Williams	iou
	111	Southern California Edison Co.	g	Thomas Watson	iou
	112	Southern Company Services, Inc.	d	Garey Rozier, Mark Crosswhite, Greg Butrus	iou
	113	Southern Company Services, Inc.	g	Roman Carter	iou
	114	Southern Company Services, Inc.	m	Joel Dison	iou
	115	Southern Company Services, Inc.	t	R.D. (Dean) Ulch, John Lucas, Rebecca Martin, James Y. Busbin	iou
	116	Southwest Transmission Cooperative, Inc.	t	Larry D. Huff	muni
	117	Southwest Power Pool	n	Carl Monroe	n
	118	Southwestern Power Administration	t	Stanley L. Mason	fed
	119	Sunflower Electric Power Corporation	t	L. Earl Watkins	muni
	120	Tenaska, Inc.	g	Scott Helyer	merc
	121	Tennessee Valley Authority	d	Ron L. Owens	other
	122	Tennessee Valley Authority	g	William F. Irish	fed
	123	Tennessee Valley Authority	m	Clyde Harmon	fed
	124	Tennessee Valley Authority	t	Mitchell Needham, W. Terry	fed

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Quadrant		Organization	Segment	Contact	Sub-Segment
				Boston	
	125	TRANS-ELECT, INC.	t	Paul D. McCoy	itc
	126	Tri-State Generation and Transmission Association, Inc.	t	Bruce Sembrick	muni
	127	TXU Energy	m	Elizabeth Howland, Mike Grim	nio
	128	TXU Electric Delivery	t	Ellis Rankin, Deborah McKeever	iou
	129	UBS Energy LLC	m	Suzanne Calcagno	niou
	130	Vermont Public Power Supply Authority	g	William J. Gallagher	muni
	131	Western Area Power Administration	t	Mark Fidrych	fed
	132	Western Area Power Administration	m	Jeffrey Ackerman	fed
	133	Western Electricity Coordinating Council	t	Michael Wells, Louise McCarren	at large
	134	We Energies (Wisconsin Electric)	d	Linda Horn	iou
	135	We Energies (Wisconsin Electric)	g	James R. Keller	iou
	136	Williams Power Company	g	Ron Mucci	at large
	137	Wisconsin Public Power Inc.	d	Mike Stuart	muni
	138	Wisconsin Public Service Corporation	g	William Bourbonnais, Charles W. Severance, Neal Balu	iou
	139	Xcel Energy Inc.	m	Steven J. Beuning	iou
Retail Gas Quadrant:	1	AGL Resources Inc.	d	Katrina Bond	
	2	Baltimore Gas & Electric Company	d	Phil Precht	
	3	Center Point Energy Minnegasco	su	Andrea Newman	
	4	Commerce Energy Group	s	Greg Lander	
	5	Dominion Retail, Inc.	su	Richard A. Zollars	
	6	Duke Energy Gas Transmission, LLP	su	Richard Kruse, Marcy L. McCain	
	7	Energy Services Group, Inc.	s	George Behr	
	8	Exelon Energy	su	Sheree M. Petrone	
	9	Indiana Office of Utility Consumer Counselor	e	Matthew Parsell	
	10	International LNG Alliance	s	David Sweet	
	11	Latitude Technologies	s	Leigh Spangler	
	12	National Fuel Gas Distribution Corporation	d	Mike Novak	
	13	Niagara Mohawk	d	James Dillon	

North American Energy Standards Board Membership List
As of January 12, 2006

Quadrant		Organization	Segment	Contact	Sub-Segment
	14	Northern Indiana Public Service Company (NiSource, Inc.)	d	Mark T. Maassel	
	15	Ohio Consumers' Counsel	e	Bruce M. Hayes	
	16	Pennsylvania Office of Consumer Advocate	e	Tanya J. McCloskey, Stephen Keene	
	17	Peoples Gas System	d	Rachel Gebhardt	
	18	Philadelphia Gas Works	d	Joe Stengel, Craig White	
	19	Public Service Electric & Gas Company	d	Terrence Moran	
	20	Sprague Energy Corp.	su	Kathy Fudali	
	21	SunGard EnForm Consulting	s	David F. Pfeifer	
	22	Systrends	s	Dave Darnell	
	23	UBS Energy LLC	su	Suzanne Calcagno	
	24	UGI Utilities, Inc.	d	Paul Szykman	
	25	Union Gas	d	Greg Tetreault	
	26	Wisconsin Public Service Corporation	d	William Bourbonnais, Glen R. Schwalbach, Les Nishida	
	27	Xcel Energy	d	Don Basler	

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TO: Posting on NAESB Web Site

FROM: Rae McQuade, NAESB Executive Director

RE: Board Retail Awareness Committee – Named Board Members

DATE: November 17, 2004

The Board Retail Awareness Committee is chaired by Cade Burks. The named Board members that comprise the Board Retail Awareness Committee are as follows:

Name	Organization	Quadrant	Phone	Email
Barbara Alexander	Public Advocate State of Maine	REQ	207-395-4143	barbalex@ctel.net
Diane Barney	New York State Department of Public Service		518-486-2943	diane_barney@dps.state.ny.us
Jim Buccigross	8760, Inc.	WGQ	508-238-0345	jhb@8760.com
Cade Burks	EC Power	REQ	713-403-8720	cade.burks@ec-power.com
Lauren Damen	Texas Public Utility Commission		512-936-7401	lauren.damen@puc.state.tx.us
Michael Desselle	American Electric Power	WEQ	214-777-1083	mddesselle@aep.com
Richard Gruber	ERCOT		512-248-3986	rgruber@ercot.com
Leonard Haynes	Southern Company	REQ	404-506-0206	ljhaynes@southernco.com
Richard House	Arkansas PSC		501-682-5825	rhouse@psc.state.ar.us
Ruth Kiselewich	Baltimore Gas & Electric	REQ	410-265-4003	ruth.c.kiselewich@bge.com
Mark Maassel	NiSource	RGQ	219-647-6400	mtmaassel@nisource.com
Mike Novak	National Fuel Gas Distribution	WGQ	716-857-7884	novakm@natfuel.com
Thom Pearce	Public Utilities Commission of Ohio		614-466-1846	thomas.pearce@puc.state.oh.us
Barry Perlmutter	Massachusetts Department of Telecommunications and Energy		617-305-3659	barry.perlmutter@state.ma.us
Robert Rosenthal	Pennsylvania Public Utility Commission		717-783-5242	rrosenthal@state.pa.us
Leigh Spangler	Latitude Technologies, Inc.	RGQ	972-747-1983	lspangler@latitudetech.net
Joe Stepenovitch	Florida Reliability Coordinating Council	WGQ	813-289-5644	joestep@frcc.com

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Jim Templeton	Comprehensive Energy Services	WGQ	713-759-6999	jtemplton@aol.com
Sam Watson	North Carolina Utilities Commission		919-715-7057	swatson@ncuc.net
LouAnn Westerfield	Idaho Public Utility Commission	WEQ	208-334-0323	lwester@puc.state.id.us
Stacey Wood	Structure Group	REQ	713-875-2826	stacey.wood@scgo.com

Retail Awareness

Wholesale Electric | Retail Electric

Wholesale Gas | Retail Gas

North American Energy Standards Boa

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REQ Technical Electronic Implementation Subcommittee

Click on the highlighted states below for details on each market.

JURISDICTIONS

State-by-State

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EXECUTIVE SUMMARY

Updated: 10/01/05 ■ Source: EC Power

The Texas electricity market opened to competition on January 1, 2002 with approximately 5.7 million accounts available to choose an energy service provider, referred to as a competitive retailer (CR). As part of the market opening, all accounts that had not chosen a new provider were switched to the utility's affiliate company (AREP). The Texas retail electric market has continued to develop and mature since the last Scope of Competition in Electric Markets in Texas Report. By most objective measures, Texas has the most robust, well-functioning retail market in the United States. The Center for the Advancement of Energy Markets' Retail Energy Deregulation Index ranks Texas as the number one competitive retail electric market in the North America, and number three in the world, based on twenty-two key attributes related to retail competition. New providers continue to enter the marketplace and develop new and innovative products for customers. Customers are becoming increasingly aware of their options in the marketplace, and are continuing to examine their options from various providers. As of September 2004, over one-million retail customers were taking service from a non-affiliated provider, and a total of 1.5 million switch requests had been processed by the Electric Reliability Council of Texas (ERCOT). While increasing natural gas and electricity prices have been a challenge to the development of the marketplace, market forces appear to be working well to provide competitive prices to customers.

The Energy Reliability Council of Texas (ERCOT) was created by legislature and is governed by the Texas Public Utility Commission. ERCOT's scope includes both the wholesale and retail markets within Texas. The retail market consists of 7 utilities, referred to as Transmission Distribution Service Providers (TDSP), and approximately 44 active CR's. In comparison to other deregulated markets, Texas supports the ESP (CR) Consolidated Billing model with a central clearinghouse. The energy service provider invoices their customers based on a TDSP invoice transaction and an ERCOT usage transaction. ERCOT's role is the customer registration agent and clearinghouse for all usage transactions. This combination of point-to-point transactions and clearinghouse transactions requires an emphasis on transaction management.

Municipalities and Cooperatives are currently not required to offer competitive electricity in their service areas today. However, customer and political pressure will continue to build for consumers in those service areas to enjoy the lower electricity costs and increased number of products the rest of the state consumers receive. Municipalities and Cooperatives are currently evaluating their role in the new competitive electric market.

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Utility/Clearinghouse	**Deregulated**	**Comm Method**	**EDI/XML**	**Billing Model**
CenterPoint Energy	Electric	NAESB 1.6	EDI	ESP Consolidated
TXU Ed	Electric	NAESB 1.6	EDI	ESP Consolidated
AEP Central (CP&L)	Electric	NAESB 1.6	EDI	ESP Consolidated
AEP North (WTU)	Electric	NAESB 1.6	EDI	ESP Consolidated
SWEPCO	Electric	NAESB 1.6	EDI	ESP Consolidated
Texas New Mexico	Electric	NAESB 1.6	EDI	ESP Consolidated
Entergy	Electric	NAESB 1.6	EDI	ESP Consolidated
Sharyland	Electric	NAESB 1.6	EDI	ESP Consolidated
Pedernales	Electric	NAESB 1.6	EDI	ESP Consolidated
Nueces	Electric	NAESB 1.6	EDI	LDC Consolidated
San Patricio	Electric	NAESB 1.6	EDI	LDC Consolidated
ERCOT	Electric	NAESB 1.6	EDI	ESP Consolidated

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CORRESPONDENCE - EXAMPLE		
Date	**Event/Location**	**Archives**
03-23-2005	Notes from March 23 Conference Call with ERCOT	» Download Word Document
03-02-2005	February 28 Conference Call Follow Up	» Download Word Document

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Massachusetts
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EXECUTIVE SUMMARY

Updated: 10/01/05 ■ Source: EC Power

Prior to March 1 998, all aspects of your electrical power had been handled by your local utility company - everything from the power generation (converting energy into power) to the transmission (sending it across power lines to your utility company) to the distribution (delivering it into your home). You had little or no say in where your electricity came from, how much it cost or the types of fuel and technology used to produce it.

On March 1, 1998, electric services were separated into two components-delivery services and supplier services. The three supplier service options under the "Supplier Services" section of your bill are Standard Offer Service, Default Service or Competitive Power Supply.

Your regulated electric utility (called your distribution company) will continue to deliver your power over the wires (transmission and distribution). Yet, the power (generation) running through those wires will be sold by competing firms, known as competitive power suppliers, that you get to choose. Unlike your distribution company, the prices that competitive power suppliers charge will not be regulated by the Department of Public Utilities, now known as the Department of Telecommunications and Energy. Instead, they will set their own prices.

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Utility/Clearinghouse	**Deregulated**	**Comm Method**	**EDI/XML**	**Billing Model**
Boston Ed	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated
Eastern Utilities	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated
Mass Electric/Natucket Electric	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated
Fitchburg Gas and Electric	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated
Northeast Utility	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated
Nstar	Electric	VAN (converting to NAESB in 2005)	EDI	DUAL & LDC Consolidated

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Ohio
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EXECUTIVE SUMMARY

Updated: 10/01/05 ■ Source: EC Power

In 2003, Ohio begins its third year of retail electric competition.

Ohio's retail electric market opened to competition in 2001. At that time 38 suppliers were certified to sell electricity to all customer classes. By the end of 2002, just 2 suppliers were actively marketing to the state's residential customers.

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EDI / NAESB BY UTILITY			Updated: 10/01/05 ■ Source: EC Power	
Utility/Clearinghouse	**Deregulated**	**Comm Method**	**EDI/XML**	**Billing Model**
Allegheny Power	Electric	VAN	EDI	DUAL & LDC Consolidated
Allegheny Power	Electric	GISB or VAN	EDI	DUAL & LDC Consolidated
Ohio Edison	Electric	GISB or VAN	EDI	DUAL & LDC Consolidated
Cleveland Electric Illuminating	Electric	GISB or VAN	EDI	DUAL & LDC Consolidated
Columbus Southern - AEP	Electric	GISB or VAN	EDI	DUAL & LDC Consolidated
Ohio Power - AEP	Electric	GISB or VAN	EDI	DUAL & LDC Consolidated
DP&L	Electric	VAN (conveting to NAESB)	EDI	DUAL & LDC Consolidated
CINergy	Electric	VAN	EDI	DUAL & LDC Consolidated

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TO: Posting on NAESB Web Site

FROM: Rae McQuade, NAESB President

RE: Board Retail Structure Review Committee – Named Board Members

DATE: June 1, 2005

Bill Bourbonnais is the Chair of the Board Retail Structure Review Committee (RSRC) which serves at the request of the Board and is populated by Board members. The named Board members that comprise the RSRC are as follows:

Name	Organization	Quadrants	Phone	Email
Bill Bourbonnais	WPS Resources Corporation	REQ, RGQ, WEQ, WGQ	(920) 433-1573	wbourbo@wpsr.com
Jim Buccigross	8760, Inc.	WGQ	(508) 238-0345	jhb@8760.com
Leonard Haynes	Southern Co.	REQ, WEQ, WGQ	(404) 506-0206	ljhaynes@southernco.com
Ruth Kiselewich *	Baltimore Gas & Electric Company	REQ, RGQ, WGQ	(410) 265-4003	ruth.c.kiselewich@bge.com
David Koogler	Dominion Virginia Power	REQ, RGQ, WEQ, WGQ	(804) 771-3429	David_Koogler@dom.com
Mark Maassel	Northern Indiana Public Serv. Co. (NiSource, Inc.)	RGQ, WGQ	(219) 647-6400	mtmaassel@nisource.com
Marcy McCain *	Duke Energy Gas Transmission	RGQ, WEQ, WGQ	(713) 627-4738	mlmccain@duke-energy.com
Mike Novak	National Fuel Gas Distribution	RGQ, WGQ	(716) 857-7884	novakm@natfuel.com
Keith Sappenfield	EnCana Energy Marketing (USA) Inc.	WGQ	(832) 204-1247	keith.sappenfield@EnCana.com

* Not a Board member, but an Executive Committee member. Invited to join by Mark Maassel, Chairman NAESB.

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TO: NAESB Board Managing Committee, and posting for interested parties

FROM: Retail Structure Review Committee Members: Bill Bourbonnais (Chair), Jim Buccigross, Leonard Haynes, Ruth Kiselewich, David Koogler, Mark Maassel, Marcy McCain, Mike Novak, Keith Sappenfield and James Cargas (Deputy Director)

RE: **Final Report –** Recommendation for One-Year Bylaws Waiver and Other Actions

DATE: December 6, 2005

Retail Structure Review Committee Final Report

BACKGROUND:

Over the past few years, the memberships of the Retail Gas and Electric Quadrants of the North American Energy Standard Board (NAESB) have steadily declined, recently to a level below the Bylaw requirement of 40 members in each quadrant (NAESB Bylaws, Section 2.3). At the December 9, 2004, NAESB Board of Directors meeting, the Board requested volunteer board members to form a committee to address the retail quadrant membership issues and make recommendations to Board of directors by the end of 2005.

On June 1, 2005, the Retail Structure Review Committee (RSR Committee) had its first meeting of the following volunteers and NAESB staff:

Bill Bourbonnais, WPS Resources
Jim Buccigross, Group 8760
James Cargas, NAESB
Leonard Haynes, Southern Company Services
Ruth Kiselewich, Baltimore Gas and Electric
David Koogler, Dominion Virginia Power
Mark Maassel, NiSource Inc.
Marcy McCain, Duke Energy
Rae McQuade, NAESB
Mike Novak, National Fuel Gas Distribution
Keith Sappenfield, EnCana Corporation

At this meeting the RSR Committee adopted the following Mission Statement:

> The Retail Structure Review Committee functions solely at the pleasure of the NAESB Board of Directors and reports to the NAESB Board of Directors through the NAESB Board Managing Committee. The Committee will make recommendations to the full board to address the membership levels in the retail electric and retail gas quadrants through possible changes to NAESB By-laws, structural changes to the quadrants or their segments including merger of the two quadrants.

The RSR Committee also reviewed the reasons for the decline in the two retail quadrant's membership, which can best be summarized as the primary focus of the retail quadrants on business practices for the customer choice retail market coupled with the stalled or even regressive status of the retail customer choice initiatives in the nation.

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The RSR Committee reviewed its options, which included (a) an increase of retail quadrant membership to bylaw requirement levels, (b) changing the bylaws to reduce the membership requirement, (c) combining the two Retail Quadrants to reach the bylaw membership levels, or (d) delaying any structural changes until the original work plan of developing business practices for the customer choice retail markets is completed.

The RSR Committee has determined that none of the available options will have any appreciable effect on the finances of the NAESB organization. It is believed that the Retail Quadrants are operating as efficiently as possible and only a major increase in Retail Quadrant membership will have any significant improvement in NAESB finances.

The RSR Committee also reviewed the current potential expansion of the retail quadrant focus from the development of business practices for just the customer choice retail markets to also including the development of business practices needed for regulated as well as customer choice retail markets. This expansion of focus is being driven by a number of requests for standard retail energy contracts (R05013) and standard electronic billing (a request from national accounts customers) (R05016) and a discussion on green energy business practices in both gas and electric markets.

On June 22, 2005, the Board of Directors agreed that the governance documents permitted the focus of the retail quadrants to include the development of business practices needed for regulated as well as customer choice retail markets. This move to address business practices applicable to retail regulated markets, plus a partnership with the Resources Committee to focus on the increase of retail quadrant memberships, was thought to be the needed synergy to increased interest and membership in the two retail quadrants and elimination of the need for immediate structural remedies.

On September 27, 2005, the retail quadrants published their first set of business practice standards for the electric and natural gas customer choice markets. The retail quadrants also announced the formation of committees to start work on two new initiatives: retail contracts and uniform electronic billing business practices. These initiatives are intended to produce business practices for the customer choice markets as well as the regulated retail markets. It was hoped that the completed customer choice business practices and the new initiatives for the regulated markets, along with a focused initiative to work with the Resources Committee in late 2005 and early 2006 to focus on encouraging new retail quadrant members would significantly increase retail quadrant membership going forward. To date this has not been the experience, there still is difficulty in getting new memberships, continued loss of retail members and disappointing participation in the subcommittees working on the two requests for business practices for retail customer choice and regulated markets noted above.

On November 30, 2005, the RSR Committee presented a proposal to merge the two quadrants to the Retail Quadrants Executive Committees to obtain their input (Attachment #1). The members of the Retail Executive Committees were concerned that the effort required to combine the two quadrants at this time would be disruptive to completion of the original work plan of retail customer choice business practices (Attachment #2). The overall opinion of the Retail Executive Committees was to delay any structural changes until the original work plan of the two quadrants is jointly completed, which is projected to be largely completed in 2006.

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DISCUSSION OF OPTIONS:

The option of revision of the NAESB bylaws may only be a short-term remedy. The current membership requirement of 40 for each retail quadrant was not scientifically reached but was a reasonable minimum level of membership if the retail quadrants were to be effective at reaching consensus of a critical mass of the market. A membership level of less than 40 could result in concern regarding critical mass for a nation of 48 contiguous states. Current memberships of 27 in the Retail Electric Quadrant and 29 in the Retail Gas Quadrant could continue to decline if (1) companies with more than one retail quadrant membership decide to reduce their memberships since most work is done through cooperative work of both quadrants, (2) the nationwide customer choice initiative remains stalled and (3) the expansion of the focus to provide business practices for both choice and regulated markets does not encourage an increase in the involvement of stakeholders.

The option of merging the NAESB Retail Electric and Retail Gas Quadrants would provide immediate membership levels that satisfy the bylaw membership requirements and would continue the current practice of the two quadrants working together. The current combined level of 56 members could decline to as low as 51 members, if members with both gas and electric quadrant memberships decide they only need one membership, which is still above the bylaw membership requirement of 40, unless there are significant membership terminations due to the merger of the two quadrants. The merger of the two quadrants will also require bylaw revisions to reflect one rather than two quadrants and to resolve bylaw differences between the two quadrants.

The option of continuing to expand the focus of the retail quadrants to include projects for regulated markets along with customer choice markets may result in an increased interest in retail quadrant memberships, but this has not been the experience to date. Given the time (estimated at 6 – 9 months) it will take to modify the bylaws and ratify the governance changes, if there is an unexpected success in increasing membership, the Board could subsequently decide to leave the quadrants as they are. Also, the combining of the two quadrants could be done in a way that permits the easy return to two quadrants in the future. Also, if a decision is made to merge the two retail quadrants, great care should be taken to ensure that representatives of both gas and electric have an equal voice (Attachment #1 contains such an approach).

The option of delaying any structural changes at this time would allow the continuation of the work of the combined retail quadrants to complete the original work plan of choice business practices without the disruption of quadrant structural changes (Attachment #2). It would also allow measurement of the progress on the two new initiatives for development of business practices for both customer choice and regulated retail markets and determination as to whether that proves to provide adequate industry interest to increase retail quadrant memberships. Finally it would also allow time to develop a strategy for the retail quadrants after the original work plan of customer choice business practices are completed allowing any structural changes to fit the future work of the quadrants.

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RECOMMENDATION:

Based on the reviews completed by the RSR Committee and the input from the Retail Quadrants Executive Committees, the RSR Committee recommends that the NAESB Board of Directors delay any structural changes to the Retail Quadrants at this time and allow the Retail Quadrants to complete their original work plan of customer choice business practices and continue work on the three business practices for both customer choice and regulated retail markets in 2006.

The RSR Committee also recommends the NAESB Board:

1. Direct the RSR Committee to complete a strategic planning exercise in 2006 to determine the direction of the two retail quadrants after completion of the original work plan of development of business practices for customer choice retail markets in 2006. This strategic planning exercise should include input from the NAESB Advisory Committee at their scheduled February 11, 2006, meeting.

2. Direct the RSR Committee to complete a review of the need for structural changes to the two Retail Quadrants in 2006 based on quadrant membership levels, progress and interest in the three initiatives for business practices for both retail customer choice and regulated markets and the results of the Retail Quadrants Strategic Planning Committee with a final recommendation to the Board at the December 2006 Board meeting.

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ATTACHMENT #1

November 25, 2006 RSR Committee Proposal to Combine Retail Quadrants

1) Consolidated the two retail quadrants into one combined retail quadrant called "Combined Retail Quadrant" (CRQ). Another option is "Retail Energy Quadrant" but that could be confused with the current Retail Electric Quadrant.

2) CRQ would have 4 segments of 7 members each.

Based on the current Board roster and EC roster, no one would lose a seat, initially the CRQ Board in the transition would include the following:

Distributors - 7/7 (RGQ:4,REQ:3)
Suppliers - 3/7 (RGQ:1,REQ:2)
Services - 6/7 (RGQ:4,REQ:2)
End Users - 2/7 (RGQ:1,REQ:1)

Initially the CRQ Executive Committee in transition would include:

Distributors - 7/7 (RGQ:3,REQ:4)
Suppliers - 5/7 (RGQ:3,REQ:2)
Services - 6/7 (RGQ:4,REQ:2)
End Users - 2/7 (RGQ:1,REQ:1)

3) In the transition, until the next elections a company would be allowed to hold two seats in a segment only if they want to separate their electric interests and gas interests and maintain two NAESB retail memberships. This would avoid displacement of current Board and EC members and subsequent elections would prevent any abuse of having two votes on the Board or EC.

4) Within each segment, one seat (maybe two) could be reserved for sole commodity companies (gas or electric only). Unlike WEQ, these reserve spots should not be left unfilled if no sole commodity company is interested - in such cases a combination company could fill the slot.

5) CRQ should keep two bodies of MBPs - one for electric and one for gas, the vast majority of which would be identical. This avoids the automatically assumption to be applicable to both REQ and RGQ.

6) It may be appropriate to include a reserve clause that says if membership of CRQ reaches 85 or 90 and with 2/3rds vote of the CRQ members, gas and electric quadrants could be separated.

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ATTACHMENT #2

Report on RSRC draft final report and resulting discussions held during REQ and RGQ EC meeting on November 30, 2005 in Washington, DC.

From: Kiselewich, Ruth C [mailto:Ruth.C.Kiselewich@bge.com]
Sent: Thursday, December 01, 2005 7:46 AM
Subject: RE: CRQ Proposal

The concept of combining the two retail quadrants was presented at the joint REQ and RGQ Executive Meetings held November 30th. Mike Novak gave a presentation on the proposal and there was almost an hour-long discussion with numerous comments which included:

- Combining the quadrants will not solve the membership issue which is the primary goal so, basically, why mess with something that is working very well.
- Currently, the quadrants are essentially joined with meetings, the annual plan, the same standards and having legal documents reflect a single quadrant takes away the future flexibility.
- Making a change in the organization of the retail quadrants will require changing the By-laws and the quadrant procedures. (A comment was made after the meeting that the By-laws would have to be changed even if the two quadrants are left as is because the quadrants are below the required membership levels. I think the Board can continue to authorize the ECs to operate with below the minimum membership requirements and avoid changing the By-laws.)
- Rather than spend time on the cosmetic change, we should focus on what is needed in the marketplace, focus on providing value so that more will see the benefit of NAESB.
- We are a year away from completing the standards and changing the organization does nothing now. It actually slows down the standards development work as found with the recent change in subcommittee structure, i.e. the establishment of IR. We are more likely to see a change in membership when all the standards are done and have been well communicated.
- Concern was voiced about the optics of seeing all the vacancies and this could be addressed by changing the numbers in each segment.
- There needs to be a discussion with NARUC on what they think about combining the quadrants because in the past they have wanted the two.
- A couple said they thought this was a good move.

Ruth

NAESB Advisory Committee Meeting
February 11, 2006

Strategic Planning - Retail Quadrant Future

AGENDA

1. Status of NAESB Retail Quadrant Membership

   Retail Electric Quadrant 27 Member (down 44% since 2002)
   Retail Gas Quadrant 31 Members (down 26% since 2003)

   Note: Bylaw Requirement: minimum of 40 members in each quadrant

   Major reasons for decline: the stalled national retail choice initiative and with NAESB Business Practice versus Best Practice policy there is no pressure to participate.

2. History of Retail Quadrant Scope of Work and Plan completions

   During the June 22, 2005, NAESB Board of Directors meeting, a broad consensus of the Directors, for the Retail Quadrants, agreed that the retail quadrants should develop work products relevant to the entire retail community in both competitive and non-competitive markets and that the Annual Plans should be modified to reflect this direction.

3. Review December 2005 Board Action

   The Board of Directors voted to delay any restructuring of the Retail Quadrants at this time and allow the completion of the Retail Quadrants' original work plan. Also, the Retail Structure Review Committee would complete a strategic planning exercise in 2006 to determine the direction of the two retail quadrants and complete a review of the need for structural changes to the two Retail Quadrants in 2006.

4. Preliminary ideas and suggestions for increasing Retail Quadrant membership and active involvement:

   - Address processes that would appeal to states that are restructured and those states that are not, such as
     - Load profiling
     - Communications and data exchange between RTOs and EDCs
     - Access to customer meter data
     - Renewable energy programs and requirements
     - Net metering
     - Best Practices

   - Advisory Committee Ideas???