

# **North American Energy Standards Board**

## **Meeting of the Members**

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### **NAESB Board of Directors Meeting**

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**June 22, 2005**

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### Annual Meeting of the Members:

- ❖ How we developed the standards
- ❖ What we have accomplished in the past 12 months for each quadrant
- ❖ What structural changes are in place today from the last 12 months
- ❖ Expectations – this overview will prepare the Board members and guests to discuss strategies for going forward.

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## Meeting of the Members

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### How NAESB Develops Standards

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### ❖ **NAESB Develops Voluntary Standards**

- ❖ From the organization's perspective, all standards are voluntary and may be provided to regulatory agencies as status reports as they are published.
- ❖ Regulatory agencies may choose to adopt standards or model business practices, but NAESB will not advocate such action.
- ❖ The organization will not monitor for compliance, provide performance measures for compliance, nor will it define sanctions for non-compliance.
- ❖ The organization will not advocate before any regulatory body.

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### ❖ Standards Development Process

- ✓ The process begins with a request – which can come from a member, an interested industry participant, a government agency or commission, an ISO or RTO, or a NAESB subcommittee, or with an annual plan item approved by the Board of Directors.
- ✓ The process followed is ANSI accredited -- ANSI accredits organizations as Standards Development Organizations (“SDO”) based on their adherence to ANSI’s cardinal principles of standards-setting.
- ✓ The process is open and any interested party can participate and contribute to the standards development regardless of membership in NAESB.
- ✓ NAESB members fund the development process through dues.

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## Standards Activities of the Wholesale Electric Quadrant

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### Version 0

- ✓ Represents the business practice components of the NERC operating policies.
- ✓ Components include Coordinate Interchange, ACE Equation Special Cases , Manual Time Error Correction, Inadvertent Interchange Payback, and Transmission Load Relief (TLR)
- ✓ Work is continuing to separate TLR business practices and reliability standards with an expected completion date by yearend.
- ✓ Version 1 work is also underway.

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### OASIS

- ❖ **OASIS and Standards and Communication Protocols:**
  - ✓ Represents FERC Order Nos. 889, 605 and 638.
  - ✓ Enhancements to the existing orders include requirements for multiple identical transmission service requests, requirements for redirects on a firm basis, and requirements for redirects on a non-firm basis.
  - ✓ Work is continuing to improve OASIS
  - ✓ The direction of the work is not to create a new OASIS, but add enhancements on an incremental basis

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---

### Other FERC Orders:

- ✓ Business Practices were developed to support the Large Generator Interconnection Order.
- ✓ Business Practices were developed to support the Standards of Conduct (affiliate) order.
- ✓ Work is planned to expand the business practices for the Standards of Conduct (affiliate) order.

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## NAESB Filing of RM05-5-000 – FERC Quotes

“... we are pleased that the industry has reached a broad consensus that the WEQ will be the single organization to develop business practice and electronic communication standards on behalf of the entire wholesale electric power industry.” (paragraph 10)

“... incorporation by reference is the appropriate, and indeed the required, method for adopting copyrighted standards material.” (paragraph 15)

“... Because standards development is of importance to the entire industry, the Commission strongly encourages all companies to become members and to participate actively in the NAESB process.” (paragraph 15)

“We applaud the efforts of NAESB and NERC to coordinate their standard development efforts and NAESB’s priority efforts to adopt business practices that complement NERC’s reliability standards.” (paragraph 44)

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## Standards Activities of the Wholesale Gas Quadrant

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### Gas Quality

- ✓ **Business Practices were developed to support reporting gas quality properties as specified in the pipeline tariffs and as measured at representative points**
- ✓ **Request R03035 has two other points that have not been addressed yet at the direction of the Board:**
  1. **reporting of the assumptions used in making the gas quality measurements, and**
  2. **investigation to determine if standards are needed for the gas quality specifications.**

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## Standards of Conduct

- ✓ Business Practices were developed to support reporting requirements for standards of conduct in the Informational Posting section of pipeline web sites.
- ✓ The informational postings are listed in the non-discrimination requirements category

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### Maintenance

- ✓ A key activity of the WGQ is the maintenance of ~600 business practices, more than 50 business transactions, more than 50 interpretations to better reflect today's marketplace
- ✓ Continued work on a backlog of requests to modify the existing base of standards -- 35 requests addressed over the past 12 months.
- ✓ The maintenance can take the form of additions or changes to codes and data elements, to the addition or change of existing business practices, to the inclusion of business practices to reflect new functionality

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## Standards Activities of the Retail Gas and Electric Quadrants

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## Commodity Neutral Model Business Practices

- ✓ The two quadrants have worked collaboratively to develop commodity neutral model business practices
- ✓ Model business practices have been developed to address:
  1. Creditworthiness
  2. Billing and Payments
  3. Market Participant Interactions
  4. Distribution Company – Supplier Disputes
  5. Trading Partner Agreements

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## Technical Standards and Publication

- ✓ Technical standards development for the Internet Electronic Transport Mechanism is nearing completion as is the Quadrant Electronic Delivery Mechanisms document.
- ✓ Technical mappings of the business transactions – defining the data elements and code values is underway.
- ✓ The publication of the model business practices is expected in 3<sup>rd</sup> quarter of this year

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## Joint Quadrant Standards Efforts -- Energy Day

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- ❖ Wholesale Gas and Wholesale Electric Quadrant Executive Committees recently concluded efforts to develop communication standards for pipelines and generators.
  - ✓ Those standards are in the process of being fully staffed (WGQ) and ratified.
  - ✓ This effort addresses request R04021, submitted by NGPL.
- ❖ The Board Gas-Electric Interdependency Committee concluded its efforts to identify gas-electric interdependency issues and categorize them.
  - ✓ The report conclusions are in front of the Board for approval.

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## Structural Changes

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- ❖ Board committees were created to handle specific Board issues, with members appointed from the Board of Directors by the NAESB Chairman:
  - ✓ Gas-Electric Interdependency
  - ✓ Resources
  - ✓ Retail Awareness
  - ✓ Retail Structure Review
  - ✓ Certification Program
- ❖ The Wholesale Electric quadrant added an At Large category of subsegments to each segment to ensure that all members of the wholesale electric market could join and fully participate.

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## Conclusions and Expectations

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- ❖ The Board and its committees are committed to being responsive to the marketplace and to the effectiveness of the NAESB organization and its standards development.
- ❖ The Executive Committees and their task forces and subcommittees are fully engaged in development of standards and model business practices as approved by the Board of Directors.
- ❖ The strategic session should provide input to the directions of standards development for 2006 forward, based on marketplace needs.
- ❖ The background of recent activities should provide input for these decisions.
- ❖ The board can play an important role in making the NAESB organization effective through the use of board committees.