



North American Energy Standards Board

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via email

TO: NAESB Certification Program Committee and Managing Committee Members, and Posting for Interested Parties

FROM: Rae McQuade, NAESB President
James Cargas, NAESB Deputy Director

RE: Notes from Certification Program Committee Conference Call on April 5, 2005

DATE: April 6, 2005

Dear NAESB Certification Program Committee and Managing Committee Members,

A Certification Program Committee (CPC) conference call was held on April 5, 2005. The following notes and assignments resulted from the meeting.

Certification Program Committee:

Tuesday, April 5, 2005

- Introduction:
- Mr. Cargas gave the antitrust guidelines.
 - Mr. Spangler, CPC Chair, welcomed Committee members and thanked them for volunteering for this effort.
- Review of Current WGQ Program:
- The current Wholesale Gas Quadrant (WGQ) certification program was formed 6 years ago for Version 1.4 at member's requests and service companies' requests. Most standards organizations have some type of certification program for either personnel training or products.
 - The current WGQ program costs \$7,500 plus the cost of the certifier. Only 2 companies are certified on Version 1.6, and only 1 company is certified on Version 1.5. Certification elapses after a 2 years. There are also 3 individuals certified as "third-party certifiers."
 - The current WGQ program also omits any audit or enforcement component. NAESB does not have the authority to enforce its voluntary standards. These components would also drive the cost of a program up significantly.
 - The Committee concluded that the current program was expensive and requires a potential competitor to conduct the certification. These aspects have discouraged companies from participating.
 - The Committee also concluded that, while current standards are more robust than 6 years ago, the scope of the current program should remain limited to easily verifiable software structure standards impacting the electronic delivery mechanism and technical mechanisms.
- Discussion of Draft Mission Statement:
- The following Committee mission statement as amended was adopted by consensus:

The Certification Program Committee (CPC) 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. It is charged with (1) evaluating the existing WGQ certification program and determining the relevance of NAESB certification program to the market place, (2) making recommendations for



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improvements that are applicable to all four quadrants, and (3) develop the materials required for implementation of the new certification program.

Discussion of Options:

- The environment for certification has changed in the past 6 years. The most important change are the greater acceptance of self-certification programs, and the passage of the Sarbanes-Oxley Act (SOX) making corporate officer certifications more meaningful.
- Ms. McQuade mentioned the TrustE's self-certification program that NAESB participates in for its web site. Trust-E charges based on a company's annual income. Last year NAESB paid \$599 for its TrustE certification which is good for 12 months. A copy of the self-certification materials will be circulated to Committee members as a model program.
- Mr. Pfeifer mentioned Microsoft as another certifier of software products. He will research their various certification programs for one that is similar in scope and distribute it to the Committee. Members are encouraged to search for other models or options for consideration.
- The option of having a qualified person under contract with NAESB to conduct all certifications was discussed as another option. However, consensus was that this was too expensive and still may have a potential competitor or consultant to a competitor doing the review.
- The consensus of the Committee that a self-certification program would best fit NAESB's needs and allow the price to be reduced significantly.

Discussion of Relevance and Education:

- It was noted that NAESB certification was more visible in the marketplace several years ago, but its relevance has diminished over time. The current methodology and price are factors.
- The Board Retail Awareness Committee can play a role in educating the marketplace and regulators about the certification program.

Discussion of Costs:

- The consensus of the Committee was that \$1,000 or less would be a reasonable cost. The intent was to lower the price to encourage greater certification and increase awareness of NAESB standards, rather than solely to increase revenue.
- Greater certification is likely to lead to increased membership among service companies, which may increase revenue indirectly.
- Committee members will collect the price of similar certification programs for the next call.



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Action Items:

- Action Items:
- The NAESB TrustE self-certification materials will be circulated as a model for members to review.
 - Mr. Buccigross will review the current WGQ certification program and develop a check list of issues a new certification program must address. All members are encouraged to develop their own list too.
 - Mr. Pfeifer will investigate the various Microsoft certification programs and circulate one that is similar in scope and goal to NAESB's.
 - All Committee members will search for other model self-certification programs for use as models and find out the prices charged.

Next Conference Calls:

Wed, April 27, at 10:00am CST

Tues., May 17, at 10:00am CST

Wed., June 8, at 10:00am CST

Attendance:

| | Name: | | Organization: |
|---|--------------|------------|-----------------------|
| 1 | Jim | Buccigross | Group 8760 |
| 2 | Christopher | Burden | Williams Gas Pipeline |
| 3 | Cade | Burks | EC Power |
| 4 | James | Cargas | NAESB |
| 5 | Rae | McQuade | NAESB |
| 6 | David | Pfeifer | Sunguard |
| 7 | Lee | Spangler | Latitude Technologies |
| 8 | Veronica | Thomason | NAESB |